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Report of the Ad Hoc Intergovernmental Panel on Forests on its third session

(Geneva, 9-20 September 1996)

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INTRODUCTION

1. In accordance with the programme of work agreed upon at its first session (E/CN.17/IPF/1995/3), the Ad Hoc Intergovernmental Panel on Forests at its third session continued its consideration of the programme elements of categories I to IV and programme element V.1. It held an initial discussion on programme element V.2.

2. The objective of the third session of the Panel was to produce a document containing elements to be used by the Panel at its fourth session in preparing its final report to the Commission on Sustainable Development. The text of that document is contained in section I below, entitled "Elements for further negotiation at the fourth session of the Panel". All these elements are open for further discussion and negotiation, with a view to arriving at a general agreement on all conclusions and proposals for action. The Panel will submit its final report to the Commission at its fifth session, in 1997.

3. The Panel agreed that during its fourth session it would:

(a) Continue and finalize negotiations on the text of its report to the Commission, using the elements for conclusions and proposals for action emanating from the third session;

(b) Integrate in the text additional proposals and inputs, including the results of inter-sessional activities that have taken place since its third session, as well as proposals for action under programme elements V.1 and V.2;

(c) Rationalize the structure of its final report, if appropriate (i.e., agree on deletion of possible duplicative recommendations in various parts of the text and find the most appropriate place to reflect such a recommendation in the report). In this connection, the Panel requested the Co-Chairmen, in consultation with the Bureau, to make appropriate proposals.

4. The discussions during the third session of the Panel were based on the results of the work carried out at the second session, held at Geneva from 11 to 22 March 1996 (see E/CN.17/1996/24), reports of the Secretary-General on all the programme elements included in the Panel's mandate and the outcome of inter-sessional meetings and activities organized by Governments and organizations in support of the Panel's work programme, as well as on other inputs and submissions to the session, including those from non-governmental organizations.

5. The Panel expressed its appreciation to the international organizations that are members of the informal high-level Inter-Agency Task Force on Forests, namely the Food and Agriculture Organization of the United Nations (FAO), the United Nations Environment Programme (UNEP), the United Nations Development Programme (UNDP), the World Bank, the secretariat of the Convention on Biological Diversity, the International Tropical Timber Organization (ITTO) and the United Nations Secretariat, as well as to all other international organizations that actively contributed to the preparation of the reports of the Secretary-General submitted to the Panel. The Panel, however, expressed its

concern that most of the reports were not available in all official languages by the time the session opened and that some reports were still not available in all official languages when the session closed.

6. The Panel welcomed the contribution of the Convention on Biological Diversity to its discussions. It requested the secretariat of the Panel to provide information on progress made by the Panel to the third meeting of the Conference of the Parties to the Convention, so as to continue the exchange of information between the Panel and the Conference of the Parties.

7. The Panel expressed its appreciation to the organizers of various inter-sessional meetings and activities that made a valuable contribution to the preparation of the reports for the Panel and to the deliberations at its third session, namely:

International Conference on Certification and Labelling of Products from Sustainable Managed Forests, hosted by the Government of Australia (Brisbane, Australia, 26-31 May 1996);

Workshop on Financial Mechanisms and Sources of Finance for Sustainable Forestry, sponsored by the Governments of Denmark and South Africa and UNDP (South Africa, 3-7 June 1996);

FAO Expert Meeting on the Preparation of Forest Resources Assessment 2000 (Kotka III), hosted by the Government of Finland (Kotka, Finland, 10-14 June 1996);

Expert Consultation on Implementing the Forest Principles: Promotion of National Forest and Land-use Programmes, sponsored by the Government of Germany (Feldafing, Munich, Germany, 17-21 June 1996);

International Expert Meeting on the Rehabilitation of Degraded Forest Ecosystems, sponsored by the Governments of Cape Verde, Portugal and Senegal, the European Community and FAO (Lisbon, 24-28 June 1996);

Meeting entitled "Overview of International Organizations, Institutions and Instruments Related to Forests", sponsored by the Governments of Peru and Switzerland (Geneva, 24-28 June 1996);

Expert Working Group Meeting on Trade, Labelling of Timber and Certification of Sustainable Forest Management, sponsored by the Governments of Germany and Indonesia (Bonn, 12-16 August 1996);

Intergovernmental Seminar on Criteria and Indicators for Sustainable Forest Management, sponsored by the Government of Finland (Helsinki, 19-22 August 1996);

Study entitled "Long-term Trends and Prospects in Supply and Demand for Wood Products and Possible Implications for Sustainable Forest Management", sponsored by the Government of Norway.

8. Furthermore, the Panel expressed its appreciation to those Governments and organizations that made generous voluntary contributions to support the work of the Panel and its secretariat, in particular to the Government of Switzerland, whose contribution to make it possible to cover additional costs resulting from the Panel's decision to extend the duration of its third session and divide its work between two in-session working groups.

9. The Panel welcomed the inter-sessional meetings that were being organized as an input to its fourth session, namely:

Expert Meeting on Sustainable Forestry and Land Use: The Process of Consensus-building, sponsored by the Governments of Sweden and Uganda (Stockholm, 14-18 October 1996);

International Workshop on Integrated Application of Sustainable Forest Management Practices sponsored by the Governments of Canada, Japan, Malaysia and Mexico, FAO and ITTO (Kochi, Japan, 22-25 November 1996);

International Meeting of Indigenous and other Forest-dependent Peoples on the Conservation and Sustainable Management of Forests, supported by the Governments of Colombia and Denmark (Leticia, Colombia, 9-13 December 1996);

10. The Panel, bearing in mind the amount of work that remained to be finalized at its fourth session and the complexity of the issues it had to address in order to reach a general agreement on the text of its final report to the Commission, reiterated its recommendation to extend its fourth session from one week to two weeks and to provide for additional meetings so that two parallel working groups could be established during the session.

11. The Panel emphasized the need to ensure that all the documents for its fourth session were available in all official languages in due time.

I. ELEMENTS FOR FURTHER NEGOTIATION AT THE FOURTH SESSION OF THE PANEL*

A. Programme element I.1: Progress in national forest and land-use plans

Mandate

1. As defined by the Commission on Sustainable Development, the aim of programme element I.1 is to consider actions to promote progress through national forest and land-use plans and programmes in implementing the Non-legally Binding Authoritative Statement of Principles for a Global Consensus on the Management, Conservation and Sustainable Development of All Types of Forests (Forest Principles),[1] as well as chapter 11 and other chapters related to forests in Agenda 21,[2] through an open, transparent and participatory process involving Governments and all interested parties, including major groups, particularly indigenous people and local communities.[3]

Draft conclusions and proposals for action

1. General conclusions

2. [The Panel recognized the significance of national forest programmes (NFPs) in promoting sustainable forest development, **with particular regard to the conservation of biological diversity as well as the promotion of soil, water and fragile ecosystems**. However, it noted that NFPs should be implemented in the context of [diverse] [each country's] socio-economic, **cultural**, political and environmental situation [in various parts of the world]. The Panel **also** noted that NFPs should be **integrated into land-use plans, and be** related to wider programmes for integrated land-use management, in accordance with chapters 10 **to 15** of Agenda 21.]

OR

2. [The Panel recognized the significance of national forest programmes (NFPs) in promoting sustainable forest [development.] [management (SFM) in many countries but also recognized that other policy frameworks are relevant in other countries.] [However,] it noted that [NFPs should] [SFM will] be implemented in the context of diverse socio-economic, political and environmental situations in various parts of the world. The Panel noted [that NFPs should be related] [the relationship of NFPs] to wider programmes for integrated land-use management, in [accordance with] chapter 10 of Agenda 21.]

3. The Panel noted that NFPs **can** provide an effective link between strategic and operational planning **only when forest activities and services generate economic values and ensure benefit-sharing**. It also noted that NFPs should be specifically designed to increase effectiveness and efficiency in **the**

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* Text in brackets [] is suggested for deletion or replacement. Text in bold face is additional suggested text.

management, conservation and sustainable development of all types of forests [sustainable forest management [and development] at the country level, **with a view to attracting** increased [commitments of both] domestic and external resources].

4. [The Panel emphasized a number of specific elements needing consideration when developing and implementing NFPs, notably the need for appropriate participatory mechanisms to involve all interested parties, in particular local communities and indigenous people; [decentralization and] empowerment of regional and local government structures **and decentralization where applicable**; recognition of [the rights of] [and respect for] special groups such as **indigenous peoples, local communities and other** forest dwellers, **forest owners** [and forest workers]; and establishment of effective coordination mechanisms and conflict-resolution schemes.]

OR

4. [The Panel emphasized a number of specific elements [needing consideration when] [that are relevant to] developing and implementing NFPs **or other policy frameworks**, notably the need for appropriate participatory mechanisms to involve all interested parties, [in particular local communities and indigenous people; decentralization and empowerment of regional and local government structures; recognition of the rights of special groups such as forest dwellers and forest workers;] [secure land tenure arrangements; recognition of customary and traditional rights of indigenous people]; and establishment of effective coordination mechanisms and conflict-resolution schemes.]

2. Specific conclusions and proposals for action

[**The NFP concept and its basic principles**]

5. [The Panel commended the concept of national forest programmes as a generic expression for a wide range of approaches to the process of planning, programming and implementing the **management, conservation and sustainable development of all types of forests** [the sustainable development of forests] in a given country. NFPs comprise **within a broad intersectoral approach,** the planning of forest-**related** activities, **taking into account the activities of other sectors, such as agriculture, energy and industrial development. NFPs** [including] [include] the formulation of policies, strategies and plans of action as well as their implementation, including monitoring and evaluation.]

OR

5. [The Panel commended the concept of national forest programmes as [a generic expression for a wide range of approaches] [an important approach] to the process of planning, programming and implementing the sustainable [development] [management] of forests in **countries**. NFPs comprise the planning of forest activities, including the formulation of policies, strategies and plans of action, as well as their implementation, including monitoring and evaluation.]

6. [The Panel emphasized the need [to adopt] [for having] a flexible approach to NFPs **and indicative land-use plans** recognizing that some countries prefer to pursue their forest policy goals by means other than [formal] [formally binding] plans and programmes. Specific decisions in this regard were considered a prerogative of national Governments. This flexible approach recognizes country differences in systems of government, constitutional and legal frameworks, subnational authorities and jurisdiction, land and resource ownership patterns, and mechanisms for public participation. **In this respect, the Panel acknowledged the usefulness of testing and demonstrating the concept of NFPs on an operational scale.**]

OR

6. [The Panel emphasized the need [to adopt a flexible approach to NFPs] [for flexible approaches to SFM], recognizing that some countries pursue their forest policy goals by means other than formal plans and programmes. Specific decisions in this regard were considered the prerogative of [national Governments] [individual countries] based on differences in systems of government, constitutional and legal frameworks, subnational authorities and jurisdiction, land and resource ownership patterns and mechanisms for public participation.]

6 bis. **The Panel recognized the need for NFPs to be based on a sound economic valuation of forest resources, including environmental services and non-timber products, and to take into account the impact of international trade and market forces in the implementation of NFPs.**

7. Regardless of the approach adopted by individual countries, NFPs **or other relevant policy frameworks**, as long-term iterative processes, should be based on [guiding principles recognizing] the following key elements: national sovereignty and country leadership; consistency with national policies and international commitments; integration with the country's sustainable development strategies; partnership and participation; [and] holistic and intersectoral approaches **that recognize forests as diverse ecosystems; and secure land and property rights.**

7 bis. **The Panel also recognized the need for an external economic and commercial environment that is supportive of NFPs and, in particular, the need for these programmes to be supported by a market context that enhances the economic value of forest resources and ensures adequate and remunerative prices with respect to the sustainable use of those resources.**

Proposals for action

8. The Panel:

(a) [Urged Governments to develop, implement **and monitor** NFPs, **which should be developed within an intersectoral approach** in accordance with their guiding principles, as an effective means to [address] [implement] sustainable forest management in all types of forests, thus increasing their capacity to meet the increasingly high and conflicting demands for forest goods and

services.] [Urged countries to develop and implement NFPs or other relevant policy frameworks;]

(a) bis. **Urged Governments and relevant organizations to develop an international consensus on the principles and content of NFPs, building on the work done by FAO in this area, and taking full account of the important work done by UNDP on forest partnership agreements;**

(b) [Urged national authorities to integrate criteria and indicators for sustainable forest management [fully] [as appropriate] into the overall process of the formulation [and], implementation **and monitoring** of NFPs, **which should also fully integrate environmental and conservation issues into wider economic and land-use plans;**]

OR

(b) [Urged [national authorities] [countries] to integrate **national level** criteria and indicators for sustainable forest management fully into the overall process of the formulation and implementation of NFPs **or other relevant policy frameworks;**]

(b) bis. **Urged countries and local actors to adopt the concept of land-use plans as an appropriate means to promote SFM and land-use husbandry at the national and local levels in both developing and developed countries;**

(b) ter. **Called for the formulation of an internationally acceptable and agreed set of definitions and terms used in the management, conservation and sustainable development of all types of forests;**

(b) quater. **Urged countries to adequately reflect their national priorities on forest-related issues in their negotiations and agreements on international cooperation and to increase the emphasis on national capacity-building within NFPs;**

(b) quinquiens. **Urged bilateral and multilateral organizations to use NFPs as a framework for the support and coordination of forest-related activities;**

(b) sexiens. **Urged countries to ensure broad representation of forest-dependent groups and indigenous communities in forest planning. Planning systems need to facilitate a process that identifies and involves community forest-user groups in meaningful decision-making regarding protection and management goals and operations affecting state forest lands in their proximity.**

[**Financing NFPs**]

9. [The Panel stressed that [dependable] funding, particularly the provision of external resources, including private foreign investment and official development assistance (ODA), **whenever possible, depending on the socio-political conditions of the country concerned,** is greatly facilitated by clear **recipient** government commitment to the implementation of national policies and programmes **in developing countries** in the forest and forest-related sectors

that promote SFM.] [The Panel stressed the need for international cooperation in the provision of new and additional financial resources for the effective implementation of national policies and programmes in the forest and forest-related sectors.]

10. The Panel [recognized the importance of new and innovative sources of funding for **SFM, including** developing and implementing NFPs, but] stressed that public funds in [most] [many/some] countries, particularly in **developing** countries with low forest cover, will continue to be the most important source of finance.

Proposals for action

11. The Panel:

(a) [Urged Governments to give priority to actions conducive to the sustainable management [and development] of forests, in order to ensure that adequate funding from [both] national [and international] sources is directed to the formulation and implementation of NFPs;]

OR

(a) [Urged [Governments] [countries with NFPs] to give priority **in national programmes** to actions conducive to the sustainable management [and development] of **their** forests, in order to **better attract** [ensure that adequate] funding from both national and **where appropriate** international sources [is directed to the formulation and implementation of NFPs]];

(a) bis. **Urged donor countries to provide new and additional resources, including ODA, for the formulation and implementation of NFPs;**

(b) Called for more efficient investment **policies** for the successful implementation of NFPs.

(b) bis. **Community forest management systems should be an integral part of national forest plans. International agreements and donor programmes supporting this sector should reflect the importance of integrating communities into the planning process.**

[**Capacity-building**]

12. [The Panel recognized the importance of assessing and, where necessary, enhancing national [and international] capabilities at all levels to develop, implement, monitor and evaluate the [conservation, management and sustainable development of forests] [management, conservation and sustainable development of all types of forests]. It also emphasized the need for [technology transfer and additional resources in many] [developed countries to transfer environmentally sound technologies and provide new and additional financial resources to developing] countries.]

OR

12. [The Panel recognized the importance of assessing and, where necessary, enhancing national capabilities at all levels to develop, implement, monitor and evaluate the [conservation, management and sustainable development of forests] [management, conservation and sustainable development of all types of forests.] It also emphasized the need for technology transfer and additional resources [in many] [especially in developing] countries **and countries with economies in transition.**]

OR

12. [The Panel recognized the importance of assessing and, where necessary, enhancing national and international capabilities at all levels to develop, implement, monitor and evaluate the [conservation, management and] sustainable [development] [management] of forests. It also emphasized the need for [technology transfer and] additional [resources] [capacity] in many countries.]

13. The Panel, recognizing the intersectoral nature of NFPs, advised national authorities to look into the institutional capacity of forest-related sectors [particularly those whose actions can hinder] [to ensure] the successful implementation of NFPs.

Proposals for action

14. The Panel:

(a) Urged Governments, particularly of developing countries and countries with economies in transition, to include capacity-building as an objective of NFPs, paying particular attention to training, **extension services** and technology transfer **and taking into account local, traditional forest-related knowledge;**

(b) Encouraged national authorities to consider the need to enhance capacities in all relevant sectors, including [public, private] [the public and private sectors, indigenous peoples, local communities] and non-governmental sectors, [effectively and in a coordinated manner,] taking into account the role played by each of the interested parties in the [sustainable development] [management, conservation and sustainable development of all types] of forests, in order to achieve country-led design and implementation of NFPs.

[**Coordination**]

15. The Panel acknowledged that coordination [between] [among] all interested parties at the national and international levels is crucial for the [conservation], management [and sustainable development] **of all types** of forests. **The Panel noted the input received from the Conference of the Parties to the Convention on Biological Diversity with respect to biological diversity and forests.**

Proposals for action

16. The Panel:

(a) [Urged] [Encouraged] [Governments] [countries as needed] to establish sound national coordination mechanisms amongst all interested parties, based on consensus-building principles, to promote **SFM, including where appropriate to** oversee the smooth implementation of NFPs;

(b) [Encouraged [Governments to [support the further development and testing of] [draw from] the concept of a forest partnership agreement, **within countries with different interest groups,** as a potential instrument for] **countries to further explore the feasibility of voluntary partnerships as a way to** improve coordination and communication [and a vehicle for long-term commitments between all national and international partners **in cooperative programmes** according to mutually agreed terms] [between countries in support of SFM];]

(b) bis. **Welcomed further input from the Conference of the Parties to the Convention on Biological Diversity, in particular with respect to providing technical advice related to the integration of conservation measures and sustainable use of biological diversity within national forest and land-use plans.**

[**International cooperation**]

17. The Panel noted the importance of **improved** regional and international [cooperation] [networks] for the exchange of information [and] [,] technology [through the establishment of appropriate networks,] [and know-how] in support of national [forest] programmes **for SFM.**

Proposals for action

18. The Panel:

(a) Called for [the establishment of] improved [cooperation schemes] [coordination] in support of sustainable forest [development] around the world and [urged all countries to use NFPs as the basis for international cooperation in the forestry sector] [recognized the utility of NFPs in this regard];

(a) bis. **Called for the further development of the concept of a forest partnership agreement as a potential instrument for improved coordination and cooperation between all national and international partners;**

(b) [Called upon Governments to support the [need for the] creation of [a consultative body as] a continuing forum for international consultations on national forest development.* [Considered that ways and means to improve international coordination in support of national priorities for SFM should be further explored.]

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* To be reconsidered after discussions on programme element V.1.

B. Programme element I.2: Underlying causes of deforestation and forest degradation

Mandate

19. As defined by the Commission on Sustainable Development, the aim of programme element I.2 is the need to "identify and consider ways to address the underlying causes of deforestation, forest degradation and the difficulties in implementing sustainable forest management, with particular attention to cross-sectoral factors, including the impact on and from forests, at the national and international levels, such as consumption and production patterns, poverty, population growth, pollution, terms of trade, discriminatory trade practices and unsustainable policies related to sectors such as agriculture, energy and trade".[4]

Draft conclusions and proposals for action

1. General conclusions

20. The Panel noted the critical need to understand the underlying causes of deforestation and forest degradation. Deforestation and forest degradation pose a serious problem in many countries and the adoption of a more focused approach that concentrates on reversing the most damaging processes and promoting the most effective and beneficial measures is needed. [The causes of deforestation and forest degradation are often country-specific, and simplistic conclusions, overgeneralized solutions or prescriptions for policy should be avoided.]

21. The Panel recognized the key role of economic development in reducing pressure on forests, thereby allowing sustainable approaches to replace those leading to deforestation and forest degradation. Each country, whether developing or developed, will have a particular set of circumstances, in terms of both the direct and underlying causes as well as of the scope for action in addressing those causes. In this context, it is important to consider historical dimensions and to learn from the experience of developed as well as developing countries. Many of the factors causing deforestation or forest degradation interact and some are synergistic. Although some, such as unsustainable timber extraction, are linked to the forest sector itself, others lie outside it. Most causes are social and economic. Inappropriate policy choices and approaches in other sectors can influence deforestation and forest degradation. [Poverty] [Production] and consumption patterns as well as land speculation and land markets have a major influence on deforestation.

22. The Panel noted that land tenure issues have an important effect on access to, and use of, trees, **soil, water, and** forest [products and forest] [goods and] services. It is important to recognize the local initiatives that counter the current trends of deforestation and forest degradation, especially among indigenous and local communities. Illegal logging and land occupation, illegal crops, grazing pressure, unsustainable agriculture, the demand for fuelwood and charcoal to meet basic energy needs, **refugee-related problems** and natural events [such as volcanic eruptions, weather phenomena and forest fires are important

factors, **among others**, in many regions.] [Many functions, for example unsustainable agriculture, illegal logging and land occupation, illegal crops, grazing pressure, the demand for fuelwood and charcoal to meet basic energy needs, and natural events are important factors in many regions.]

23. [[Different countries have different requirements and these requirements change over time and affect both the area and the nature of their forests. [The benefits and disbenefits of different types of forest,] [The advantages and disadvantages of different types of forest management,] [The benefits and costs of different types of forest,] including forest plantations, need to be appraised under different social, cultural, economic and ecological conditions.] The Panel emphasized that there are rational justifications for many changes in forest structure and cover **including conversion of plantation forests** and that [deforestation] [such changes] need not necessarily be [harmful] [considered undesirable] if planned within national policy frameworks for sustainable land use. [The Panel recognized that both sustainably managed natural forests and forest plantations have a valuable role in meeting the need for forest [products] [goods] and services as well as helping to conserve biological diversity] [It was recognized that sustainable management and use of both natural forests and forest plantations, as part of an integrated land-use plan taking into account relevant environmental and socio-economic concerns, fulfilled a valuable role in helping to meet the need for forest products and services as well as to conserve biological diversity and to increase carbon storage.]

23 bis. **The importance of convening an international meeting for further analysis and discussion of the international underlying causes of deforestation and forest degradation was noted.**

2. Specific conclusions and proposals for action

Consumption and production patterns

24. [The Panel recognized the importance of long-term changes in consumption and production patterns in different parts of the world and their positive and negative effects on the sustainable management [and use] of forests. Their implications should be reviewed in the context of the work being done by the Commission on Sustainable Development and other relevant initiatives concerned with the long-term supply of and demand for forest [products.] [goods and services].]

OR

24. [**The long-term outlook is for a steadily rising demand for wood and for forest services, and a declining area of forest for their production. Increasing pressure on wood supply from demand for non-wood goods and services, and increasing pressure on forests from demand for land for other uses suggest that a priority is the need to strengthen intersectoral decision-making affecting land use. Increasingly, effective institutions for resource management, land use, research, education and extension will be an important part of sustainable forest management.**]

25. The Panel considered that among the various international underlying causes of deforestation and forest degradation, [transboundary economic forces] [international trade and investment] and [transboundary] [long-range] pollution] are [particularly] important. Factors such as **discriminatory** international trade **practices,** structural adjustment programmes and external debt could indirectly influence deforestation. Market forces and relative prices, including those of agriculture commodities, as well as [under-]valuation of wood and non-wood forest products have a direct bearing on [the sustainable management of all types of forests.] [the management, conservation and sustainable development of all types of forests]. Dealing with deforestation and forest degradation, therefore, often requires changes to polices and plans in other sectors at both the national and international levels.

Proposals for action

26. The Panel:

(a) [Urged Governments, **where relevant**, with the support of international organizations, to prepare in-depth [strategic] studies of the implications of [present] [current] consumption and production patterns for forest **goods and services, with both market and non-market values,** in developing and developed countries, with special emphasis on **their** positive and negative effects on the sustainable management and use of forests [and paying particular attention to terms of trade, **discriminatory** trade practices and unsustainable policies related to such sectors as agriculture and energy]. These studies should also analyse comprehensively **the historical perspective of the causes of deforestation and forest degradation in the world** and other international underlying causes of deforestation and forest degradation, including transboundary economic forces [as well as provide new factual information on the significance of transboundary pollution];]

OR

(a) [**Urged further study of the international underlying causes of deforestation and forest degradation with a view to providing factual information on the effects and the significance of transboundary pollution;**]

OR

(a) [**Urged countries to consider actions to ensure that wood supply and demand expands in the context of sustainability, with special emphasis on investments in sustainable forest management and strengthening institutions for resource management;**]

(a) bis. **Urged that the role of plantation forests as an important element of sustainable forest management, particularly in taking pressure off natural forests, be recognized, enhanced and promoted;**

(a) ter. **Urged countries to convene and finance as soon as possible a global workshop on international underlying causes of deforestation and forest degradation.**

National policy framework

27. It [is only possible] [may be helpful] to decide whether changes in forest cover are [or are not harmful against] [beneficial or not by considering] a background represented by a national policy framework for [sustainable forest management] [the management, conservation and sustainable development of all types of forests] that encompasses and harmonizes elements pertaining to social and economic development programmes, environment plans, land-use plans, and national biodiversity strategies and action plans. All these national instruments, jointly and consistently, should enable countries to [assess] [secure] the quantity and quality of forest required to provide the full range of benefits, goods and services needed by society now and in the future.

Proposals for action

28. The Panel:

(a) [Urged [donor] [all] countries [and international organizations, including regional development banks, to assist and finance] [to undertake] research, technology transfer, case studies and capacity-building activities in [developing countries] to allow an integrated approach towards:]

(i) [[The formulation and [application] [implementation] of [Urged countries to formulate and [apply] [implement]] national strategies, through an open and [inclusive] [participatory] process, for addressing the underlying causes of deforestation and defining policy options for desirable forest cover, as inputs to the implementation of the national forest programmes **or other relevant policy frameworks** recommended in programme element I.1];

OR

(i) **[The promotion of open and participatory processes for the formulation and implementation of national forest programmes, taking into account the underlying causes of deforestation and the need to define policy options for desirable forest cover;]**

(ii) [[The development of] [To develop] mechanisms, **including environmental impact assessment (EIA)**, through an open and [inclusive] [participatory] process, to improve policy formulation and coordination, as well as planning, management and implementation of relevant national programmes for achieving [sustainable forest management;] [the management, conservation, and sustainable development of all types of forests;]]

OR

(ii) **[The formulation of mechanisms aimed at the equitable sharing of the benefits of the forests;]**

(ii) bis. **The formulation of a policy of securing land tenure for local communities and indigenous peoples;**

(ii) ter. **[Conducting] [The conduct] of strategic analysis of policies that have contributed to forest degradation and deforestation as well as those that have had a positive effect;**

(b) [Requested donor countries and international organizations to assist developing countries in **financing research, technology transfer, case-studies and capacity-building activities to allow an integrated approach towards the formulation and application of a national policy framework and in** conducting a strategic analysis of **relevant political, legal and institutional frameworks that have** policies that have contributed to forest degradation and deforestation as well as of those that have had a positive effect;]

(b) bis. **Recommended that the provision of timely, reliable and accurate information on the underlying causes of deforestation and forest degradation, as well as on the multiple roles of forests, which is essential for public understanding and informed decision-making, should be assured;**

(b) ter. **Urged donor countries, multilateral and international organizations, including regional development banks, to assist and finance all the above activities in developing countries and countries with economies in transition.**

Application of the diagnostic framework

29. In many countries there is a need for further analysis of the sequence of causes contributing to changes in the quantity and quality of forests, focusing attention on the action that might be most effective in halting damage and promoting beneficial change. This analysis would be facilitated by the use of a comprehensive diagnostic framework, elements of which have been elaborated in reports of the Secretary-General submitted to the Panel.

30. This diagnostic framework not only would serve as a useful tool in both developing and developed countries for analysing deforestation and forest degradation but also, in adapted forms, could be invaluable in setting the objectives of national forest policies; introducing a historical perspective into the analysis of causes; identifying causes originating from national and international consumption and production patterns affecting deforestation in a particular country; exploring the effects of policies in other sectors on deforestation and forest degradation and the ways in which modification of such policies might promote [sustainable forest management] [the management, conservation and sustainable development of all types of forest]; using and refining criteria and indicators and methods of valuation; locating deficiencies in capacity (for example, in management and supervision, information, research or education); relating to national action plans for other international agreements and conventions; and generally, as a powerful management tool, in furthering the implementation of [sustainable forest management] [the management, conservation and sustainable development of all types of forests].

31. The main function of the diagnostic framework should be constructive, corrective and forward-looking. It would complement and strengthen other existing planning exercises and should also be used, together with criteria and indicators (programme element III.2), as a tool for the periodic assessment of

progress (programme element III.1 (a)). As a management tool, it should be developed voluntarily [and not used as a basis for conditionality in ODA.] [The need for] [A comprehensive diagnostic framework [must not delay action] [is not needed] in countries where major direct or indirect causes have been identified, well understood and documented **or where deforestation is not viewed as a problem at the national level.**

Proposals for action

32. The Panel:

(a) Encouraged [developed countries] [the international community] [all countries] to assist developing countries [in undertaking] [to undertake] case studies using the diagnostic framework [described in the report of the Secretary-General (E/CN.17/IPF/1996/15)] in order to develop and test its usefulness as a positive management tool to identify the underlying causes of [forest destruction and degradation] [deforestation and forest degradation], [prepare] [consider] corrective action and plan for the future;

(b) Urged that the results of such case studies and proposals for refinement of the diagnostic framework be communicated widely;

(b) bis. **Urged Governments to continue to take prompt action when direct or indirect causes have already been identified and to use the diagnostic framework as an analytical tool in assessing options for utilization of forests and forest lands;**

(b) ter. **Urged developed countries and multilateral and international organizations, including regional development banks, to assist developing countries and countries with economies in transition in the application of the diagnostic framework.**

C. Programme element I.3: Traditional forest-related knowledge

Mandate

33. As defined by the Commission on Sustainable Development, the aim of programme element I.3 is to encourage countries, consistent with the terms of the Convention on Biological Diversity, to consider ways and means for the effective protection and use of traditional forest-related knowledge, innovations and practices of forest dwellers, indigenous people and other local communities, as well as fair and equitable sharing of benefits arising from such knowledge, innovations and practices.

Draft conclusions and proposals for action

1. General conclusions

34. The Panel noted the statement of the Conference of the Parties to the Convention on Biological Diversity and its relevance for work under the different elements of the Panel's programme of work. [The Panel recognized that those aspects [related] [relevant] to the conservation and sustainable use of biodiversity and the fair and equitable sharing of benefits from the [commercial use] [utilization] of biological resources [identified by means of traditional forest-related knowledge (TFRK)] fall, inter alia, within the purview of the Convention on Biological Diversity, [since TFRK is a subset of the "knowledge, innovations and practices" referred to in article 8 (j) of the Convention and the genetic resources of forest ecosystems are a subset of the genetic resources referred to in article 15.]] [The Panel recognized that the Convention on Biological Diversity contains several provisions, including articles 8 (j) and 10 (c), relevant to TFRK of the conservation and sustainable use of biodiversity. The Convention does not address all TFRK; it addresses only TFRK that relates to the conservation and sustainable use of biodiversity. Therefore, the work carried out under the Convention should complement rather than determine the work of the Panel, which focuses on issues of sustainable forest management.] The Panel also noted that, at its fourth session, it would need to take into account, as appropriate, the outcome of the third meeting of the Conference of the Parties to the Convention on Biological Diversity (Buenos Aires, 4-15 November 1996) in relation to indigenous knowledge.

34 bis. **The Panel noted the importance of TFRK for the development of national policies and strategies on sustainable forest management. It stressed the need to reflect the issue of TFRK and its relevant potential for action in national forest programmes.**

35. [The Panel [was concerned] [seeks] to avoid duplication or overlap with] [The Panel noted the interlinkages with a number of] other relevant intergovernmental processes, in particular with those of the Convention on Biological Diversity. It paid due attention to the terms of the United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, particularly in Africa, the United Nations Framework Convention on Climate Change and ILO Convention (No. 169) concerning Indigenous and Tribal Peoples in Independent Countries **as well as the Agreement on Trade-related Intellectual Property Rights (TRIPS) under the World Trade Organization.** The Panel [also] noted the ongoing consideration of relevant matters within the United Nations [system] [the Commission on Human Rights and the United Nations convention on the rights of indigenous peoples, **as well as the negotiations taking place in the Commission on Genetic Resources for Food and Agriculture of FAO]. The Panel noted that existing instruments and agreements should be implemented and developed with the aim of making them mutually supportive while, at the same time, avoiding unnecessary duplication of work.**

35 bis. **The Panel also noted that an inter-sessional meeting on indigenous people was scheduled to take place at Leticia, Colombia, from 9 to**

13 December 1996. The Panel recognized the possible relevance of the outcome of the meeting for the deliberations at its fourth session.

36. The Panel recognized that TFRK constitutes an important body of **knowledge and** experience relevant to many aspects of the Panel's mandate, especially to sustainable forest management, the use of [timber and non-timber forest products] [forest products and services] and the establishment of relevant values. TFRK should be [considered as an integral part of the information base for sustainable forest management] [broadly defined to include institutional, authority and governance structures, cultural belief and value systems, land and resource use systems, and conflict resolution as well as mediation processes, all of which are integral parts of sustainable forest management] **and its cross-sectoral linkages**. [The Panel also recognized the great complexity of the issues surrounding the meaning of TFRK, which includes **intellectual** property rights, **patents**, customary law, indigenous legal systems and traditions relating to access and utilization as well as to knowledge of the resources themselves.] The Panel further recognized the various roles of different partners and the great complexity of the issues surrounding discussion of TFRK, which can include property rights, customary law, indigenous legal systems and traditions relating to access and utilization as well as to knowledge of the resources themselves.] [The Panel recognized that the application of TFRK to sustainable forest management may present complex issues.] **In some countries, forest owners will also have a role to play in the use of TFRK.**

37. [As a result of inadequate measures for conservation and sustainable use, accelerated loss of forests is undermining and destroying communities with sustainable lifestyles and TFRK.] [The introduction of new techniques, equipment and/or economic opportunities can accelerate forest loss and undermine or destroy forest-dwelling communities with sustainable lifestyles and TFRK.] [As a result of inadequate measures for conservation and sustainable use of forests, communities with sustainable lifestyles have been affected.] [As a result of inadequate measures for conservation and sustainable use, as well as changing living conditions, accelerated loss of forests is undermining and destroying communities with a sustainable lifestyle and dependent on TFRK.] The Panel recommended that indigenous people, **forest owners**, forest dwellers and local communities should **be enabled to** play a [key] role in [defining] participatory [approaches to forest and land-use management] [approaches to sustainable forest management and land-use planning] [with the involvement of] [together with] all interested relevant parties from both public and private sectors, and with greater focus on resource management, land-use systems and conflict resolution.

38. At the international level there is a need to promote the [establishment of mechanisms for the] exchange of national experiences [and for mechanisms, including financial investment,] to stimulate programmes for sustainable forest management [and the development of products derived from TFRK, including the appropriate involvement of the private sector.] [On the basis of the principle of common but differentiated responsibilities, the Panel noted that developed countries [bear a special responsibility] [provide effective support] in facilitating the necessary conditions for the conservation and sustainable use of forest biological diversity. This implies a constructive approach to the transfer of technologies and financial resources to strengthen the capabilities

of indigenous peoples, forest dwellers and local communities for sustainable forest management.] [The conservation and sustainable use of forest biological diversity requires constructive approaches to the transfer and equitable sharing of technologies and financial resources to strengthen the capabilities of indigenous peoples, forest dwellers and local communities for sustainable forest management.]

2. Specific conclusions and proposals for action

Meaning of traditional forest-related knowledge and property rights

39. TFRK can provide a strong basis for sustainable forest management and is relevant to most of the other programme elements. The Panel, however, recognized that the international and national communities are still at an early stage of identifying ways and means for the effective protection and use of TFRK [(and of exploring the relationships between TFRK and sustainable forest management).] The complex nature of this cross-cutting relationship involves natural and social sciences, culture, tradition and the environment. [In this context the Panel agreed that TFRK is indeed useful in locating valuable new products, and that accessing these on fair and equitable terms can only benefit each country and its indigenous and local communities in its efforts to achieve sustainable development.]

40. [[Governments and others who wish to use such knowledge should acknowledge that TFRK cannot be taken from people without [observing the principle of prior informed consent] [their consent.]] [The Panel concluded that ways and means to ensure effective protection of indigenous rights [and payment of royalty on intellectual property rights] should be identified in the context of national and international legislation, customary law and indigenous legal systems, to ensure the fair and equitable sharing of benefits among all interested parties including indigenous populations, forests dwellers and local communities.] [The Panel concluded that the effective protection of indigenous rights requires the fair and equitable sharing of benefits among all interested parties, including indigenous populations, forest dwellers, forest owners and local communities, in accordance with article 8 (j) of the Convention on Biological Diversity.]]

OR

40. **[International cooperation on TFRK and rights related to it must be consistent with obligations under the Convention on Biological Diversity and other relevant instruments.]**

OR

40. **[Governments and others who wish to promote or engage in the wider application of TFRK should encourage the approval and involvement of the holders of such knowledge. The Panel concluded that ways and means to ensure the preservation and application of TFRK to sustainable forest management should be identified in the context of national legislation, including relevant indigenous legal systems.]**

Proposals for action

41. The Panel:

(a) [Invited Governments to explore further at the national and international levels the policy, institutional and legal frameworks required to support the possible applications of sui generis intellectual property rights and protection regimes to TFRK;

(b) Encouraged Governments and TFRK-holding groups to consider entering into [sui generis] formal agreements by which TFRK can be accessed;]

OR

(b) **[Urged Governments, in implementing their forest programmes, to take measures to protect TFRK, taking account of the outcome of the third meeting of the Conference of the Parties to the Convention on Biological Diversity, (Buenos Aires, 4-15 November 1996), in relation to indigenous populations.] [Invited Governments to explore further at the national level policy, institutional or legal frameworks for TFRK that would facilitate formal agreements by which TFRK can be accessed;]**

(b) bis. **Invited the World Intellectual Property Organization together with the United Nations Conference on Trade and Development to undertake a study aimed at advancing international understanding on the relationship between intellectual property and TFRK, and to propose possible ways and means to ensure effective protection of TFRK and the equitable sharing of benefits arising from such knowledge;**

(b) ter. Requested the Secretariat to produce a compilation of international instruments and national legislation, including draft legislation, pertaining to the protection and use of TFRK and the equitable sharing of benefits arising from such knowledge; and encouraged countries to exchange information on national experiences in this field;

(b) quater. **Encouraged Governments to consider, inter alia, the possible use of partnership agreements by which TFRK can be accessed;**

(b) quinquiens. **Invited Governments and relevant international organizations to explore different options for developing sui generis regimes for the protection and equitable sharing of benefits arising from indigenous and local knowledge, including TFRK;**

(b) sexiens. **Urged national Governments and relevant international organizations to implement and further develop instruments and agreements with relevance to TFRK with a view to making such instruments and agreements fully mutually supportive;**

(b) septiens. **Invited Governments to identify knowledge, innovations and practices that are relevant for the conservation and sustainable use of biological diversity and to identify customary use compatible with conservation or sustainable use requirements.**

Establishing partnerships

42. [In the context of national legislation, certain conditions, [in particular prior informed consent,] will need to be met if indigenous people, their communities and other local communities and forest dwellers are to participate fully in partnership agreements and to offer their TFRK for the benefit of other interested parties. Holders of TFRK will need to be represented by their own representatives; to feel secure in their land tenure arrangements; to be reassured that they have been accorded status equal to that of the other members of the partnerships; and to be convinced of a common purpose compatible with their cultural and ecological values.]

OR

42. **[In the context of national legislation, the Panel stressed the need for prior informed consent. Holders of TFRK will need to be represented to feel secure in their land tenure arrangements; to be reassured that they have been accorded appropriate status, and to be convinced of a common purpose compatible with their cultural values.]**

OR

42. **[Subject to national legislation, Governments should encourage the full participation of all stakeholders, including indigenous people, their communities and other local communities and forest dwellers, in partnership agreements.]**

Proposals for action

43. The Panel [urged Governments, with the assistance of international organizations, to support capacity-building activities for creating partnership agreements for sustainable forest management with indigenous people, forest dwellers and local communities.] [Urged Governments, where necessary with the assistance of international organizations, to seek to promote the creation of partnership agreements among interested parties.]

Participatory approaches [and management of traditional forest-related knowledge]

44. Indigenous people, forest dwellers and local communities [must] [should] play a [key] role in [defining] [developing] participatory approaches to forest and land management, which include [community forest management systems, resource management institutions, land-use systems and conflict resolution.] [community forest management, land-use resource management, research, training and extension, the formulation of criteria and indicators, and conflict resolution.] These approaches will be of paramount importance for the successful implementation of future activities relating to most of the programme elements.

Proposals for action

45. The Panel:

(a) Urged Governments **to incorporate participatory processes in national forest programmes in order** to promote and provide the opportunities for the full participation of indigenous people, forest dwellers, **forest owners** and local communities [in forest and land management,] **in public lands** [in the formulation of forest and land-use programmes at the national, regional and local levels;] **consistent with principles 2 (d) and 5 (a) of the Forest Principles;**

OR

(a) **[Urged Governments to promote and provide the opportunities for the participation of indigenous people, forest dwellers and local communities in the development, implementation and planning of national forest policies, consistent with principles 2 (d) and 5 (a) of the Forest Principles;]**

(b) Urged Governments, with the support of international organizations such as [ITTO, UNEP, UNDP, the World Bank and FAO, to assist national and local governments in the preparation of technical guidelines on TFRK application, bringing together knowledge and experience on the approaches that work in practice;] [FAO, UNEP, UNDP, ITTO, the World Bank and others to assist governments in the preparation of technical guidelines for participatory approaches to TFRK applications;]

OR

(b) **[Urged Governments, with the support of international organizations, to work with all interested parties in the preparations for TFRK applications, bringing together knowledge and experience on the approaches that work in practice;]**

(c) [Encouraged Governments **in the context of their national laws and legislation** to support local efforts that can play a facilitator role to build-up the [negotiation] capacity of indigenous people, **forest owners**, forest dwellers and local communities to participate as **full** partners, [rightholders and stakeholders in sustainable forest management schemes;] [in their management, protection and use of TFRK;]

(d) Invited Governments to organize a series of national, regional and international consultations for promoting the establishment of TFRK partnerships and the application of participatory planning methodologies;]

OR

(d) [Encouraged Governments to organize national, regional and international consultations to support efforts, including legal efforts, that can play a facilitator role to increase the capacity of indigenous people, forest dwellers and local communities to participate as partners, rightholders or stakeholders in participatory planning methodologies and in sustainable forest management schemes on public lands;]

(d) bis. **Encouraged Governments to recognize and support traditional resources use systems incorporating TFRK through the development of new instruments and mechanisms that enhance the security of forest-dependent groups;**

(d) ter. **Urged Governments to work with communities and build on their knowledge to establish stronger linkages between traditional and emerging national forest management systems.**

[Management] [Protection] of traditional forest-related knowledge

46. There are difficulties surrounding the acquisition, storage, retrieval and dissemination of TFRK outside its place of origin. These difficulties arise in the absence of [sui generis] effective [management] [protection] of TFRK and the nature of TFRK, which is **often** [overwhelmingly] site- and culture-specific [, and because to a great extent TFRK is **often** not amenable to being digitized, stored in databases or accessed through clearing-house mechanisms]. The Panel recommended further exploration of the feasibility and modalities of exchanges in this area.

Proposals for action

47. The Panel:

(a) [Encouraged countries to identify ways to inventory, store, catalog and retrieve TFRK and to promote its effective preservation and application, including developing forest-dweller capacity, and to examine opportunities to apply more widely TFRK about the management of particular types of forests to other forests with similar ecosystems by:]

(i) **[Urging Governments and international organizations to support regional and national institutions to undertake research on TFRK with the full involvement of the holders of that knowledge;]**

OR

(a) bis. [Urged] [(ii) **Urging**] Governments, national institutions and academic centres to incorporate TFRK in [standard] forest management training as a way to sensitize forest managers to the importance of respect for and protection of TFRK when accessing it; to the need to observe the principle of fair and equitable sharing of benefits; and to the advantages of using it and the disadvantages of ignoring it. They should also emphasize the importance of recognizing TFRK in developing [national criteria and indicators within the context of national forest programmes (programme elements III.2 and I.1) for

sustainable forest management] [and in defining certification schemes for] sustainable forest management (programme element IV);] [criteria and indicators (programme element III.2) within the context of national forest programmes (programme element I.1) and in defining certification schemes for sustainable forest management (programme element IV);]

(b) [Encouraged] [(iii) **Encouraging**] Governments with the support of donors and international organizations to assist [financially and otherwise] existing networks promoting the sharing of TFRK [**as well as on mutually agreed terms of technology and profits from biotechnology products derived from these resources**] among concerned groups and institutions in collaboration with involved **forest dwellers**, indigenous people **and local communities**;

(c) [Urged] [(iv) **Urging**] Governments to promote digital mapping (using geographical information systems (GIS) and global positioning systems (GPS) combined with social mapping for establishing forest holdings **and values**; assisting planning and management partnerships; and assisting in the [location of cultural and] [**storage of**] geographical information required to support [sustainable forest management schemes;] [the management, protection and use of TFRK];

(d) Encouraged Governments to identify ways to inventory, store, catalog, **protect** and retrieve TFRK, [guaranteeing its effective protection, and] including developing local and indigenous capacity, and to examine opportunities to apply traditional knowledge about the management of particular types of forest ecosystems to other similar forest ecosystems;

(d) bis. **Urged international organizations and Governments to ensure the protection of TFRK, by providing all the support necessary to keep this knowledge alive;**

(e) Urged [donors and international organizations] [Governments and multilateral and international organizations] to support [the establishment] [capacity-building] of regional and national institutions dedicated to undertaking research on TFRK with the full involvement of the holders of that knowledge and to promote its wide understanding and use.

D. Programme element I.4: Fragile ecosystems affected by desertification and the impact of airborne pollution on forests

Mandate

48. As defined by Commission on Sustainable Development, the aim of programme element I.4 is to monitor actions to support afforestation, reforestation and the restoration of forest systems, where appropriate, particularly in countries with fragile ecosystems and affected by desertification and/or drought, particularly in Africa and, in this context, to consider specific actions in countries whose forests are affected by pollution, particularly those with economies in transition in Central and Eastern Europe.[7]

Draft conclusions and proposals for action

1. General conclusions

Fragile ecosystems affected by desertification and/or drought

49. The Panel emphasized that desertification and the effects of drought are widespread phenomena affecting forests and other wooded land in arid, semi-arid and **dry** sub-humid regions. These problems are of global dimensions in that they affect [all] [many] regions of the world and require collective action of the international community to combat desertification and to mitigate the effects of drought.

50. The Panel felt that this programme element should be carried forward in close relationship with existing international conventions such as the Convention on Biological Diversity, the United Nations Framework Convention on Climate Change and, in particular, the United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, particularly in Africa. [The work carried out under those conventions [should not determine the] [and the] work of the panel [but should complement and enhance it in the context of sustainable forest development] [should be complementary to each other].] [The panel should not duplicate the work carried out under these conventions but seek ways to complement the work of these conventions in the specific context of sustainable forest management.]

51. Forest-related action aimed at combating desertification and mitigating the effects of drought [should address the underlying causes of these phenomena in an integrated manner, [and should consider the role of poverty,] [in which the role of poverty should be considered,] along with migration, refugees, land-use planning and policies, food security, and provision of fodder and fuelwood, among many other economic, social and cultural causes, including the effects of non-sustainable production and consumption patterns as well as of trade and balanced trade relations, **should be considered** in a manner consistent with the Convention to Combat Desertification] [should be determined in the context of national forest programmes, taking into account the underlying causes of these phenomena and the relevant conceptual considerations outlined under programme elements I.1 and I.2, in accordance with the Convention to Combat Desertification].

52. The Panel emphasized the need for cross-sectoral action at the political and policy-making levels to improve legislation and to accelerate implementation within the context of national forest programmes and national action [plans to combat desertification] [programmes, consistent with article 10 of the Convention to Combat Desertification]. Closer collaboration was needed between forest and agriculture institutions, including support for farmers and herders.

53. While recognizing that forest land rehabilitation would be required in many areas and that this would need external [inputs] [financial resources, technology transfer] and international assistance to support local and national efforts, the Panel emphasized the need for prevention rather than mitigation and restoration, with emphasis on improved and sustainable management of the already existing natural forest and other vegetation. The restoration of arid,

semi-arid and dry sub-humid zones should not, however, focus narrowly on afforestation, but also deal with the broader issue of forest ecosystem management, including social and economic aspects. The Panel identified the need to strengthen research, including support for regional research networks, related to the identification of appropriate species for arid, semi-arid and dry sub-humid land restoration, the rehabilitation of existing vegetation types and the potential of non-timber forest products. [This could be considered by the Committee on Science and Technology of the Conference of the Parties to the Convention to Combat Desertification.]

54. The Panel, while considering the merits of the application of bottom-up approaches along with top-down approaches, involving all major groups concerned with the issues, emphasized the need **for national action programmes** to draw more extensively on local and traditional knowledge **and agro-sylvopastoral systems, in accordance with guiding principles as outlined in programme element I.3.** These approaches should be supported by an enabling legislative and institutional framework that includes secure rights and access to land. Sustainable development strategies and national forest and land-use programmes should be encouraged and coordinated, as appropriate. Countries **in regions** affected or threatened by desertification and the effects of drought should [propose initiatives and establish priorities for action] [be encouraged to undertake the obligations contained in article 5 of the Convention to Combat Desertification].

55. The Panel emphasized the need for donors, international organizations and recipient countries [to engage in [adequate] consultations in order] to develop efficient and coordinated programmes of international cooperation on forests [that are consistent with] [in the context of] the Convention to Combat Desertification, the Convention on Biological Diversity [and in accordance with the Panel's mandate, the Forest Principles and Agenda 21].

56. The Panel noted that forest fires have continuing devastating effects on some forest ecosystems [, in particular **in countries south of the Sahara, and those countries with dry forests** in the Mediterranean zones,] although in [other] [specific] areas they may have positive effects on the vitality and renewal of forest ecosystems.

57. The Panel noted that the trend of expanding forest cover in some countries had been or was being achieved as a result of popular movements in conjunction with political and Government support. **In many cases, plantations of fast-growing trees have had good and cost-effective results in terms of soil protection.**

57 bis. **Education, training and extension systems addressed to specific groups can also play an important role in preventing deforestation and/or desertification.**

Impact of airborne pollution on forests

58. The Panel noted that the impact of air pollution on forest health is a problem affecting not only parts of Europe, but also **many** other parts of the world. The need for a preventive approach to combating, **rather than**

accommodating air pollution, including considerations of production and consumption patterns, was stressed. The Panel also stressed the importance of the Convention on Long-range Transboundary Air Pollution and welcomed the widespread and general application of the critical loads approach adopted in the context of that Convention.

59. The Panel emphasized the need to continue monitoring the impact of air pollution on forest health, but also stressed the need for continuing action to reduce air pollution, including action to transfer and supply the best available, as well as future, technologies. The solution to the problem had to be based on action outside the forest. [A synthesis of the impact of airborne pollutants on forests, particularly in Central and Eastern Europe, and an assessment of ongoing remedial activities and proposals for possible future actions should be prepared and evaluated.]

2. [Specific conclusions]

[**Fragile ecosystems affected by desertification and/or drought**]

60. [An integrated approach should be adopted to the management of existing vegetation, reforestation, afforestation and the restoration of fragile forest ecosystems affected or threatened by desertification and/or drought within the overall social and economic development of those areas.]

61. [A closer relationship should be established between reforestation and the management of existing forest ecosystems, including an in-depth analysis of traditional agro-sylvopastoral systems, [for the purpose of benefiting from] [drawing on] existing knowledge, and devoting greater attention to the potential of non-timber forest products. International cooperation is essential in this respect.]

61 bis. **Where appropriate, and as soon as possible, protected areas must be supported for those fragile and endangered ecosystems affected by drought and desertification, as part of conservation in situ strategies.**

Impact of airborne pollution on forests

62. Further **monitoring and** evaluation should be [carried out] [continued] of the experience of **pollution-related** forest decline worldwide, [of pollutant-related declines] where they have occurred and of how the respective countries addressed such decline.

63. The critical loads approach may be considered by those countries where forests are, or may be, affected by air pollution.

64. The **potential** impact on forest health of inputs of nutrients and airborne pollutants, acting in combination with other processes such as natural weathering and leaching, should be recognized in forest planning and management.

Proposals for action

Fragile ecosystems affected by desertification and/or drought

65. [While] emphasizing the need [for consistency] [to be consistent with and avoiding duplication] with actions and developments under the Convention to Combat Desertification, the Panel:

(a) Encouraged [Governments] [countries] to continue forest-related analysis and [monitoring of past, present and future experiences] [evaluation of past and present experiences and monitoring of future developments], including **biophysical**, economic, social and ecological aspects **and institutional and land tenure reform**, which are important for sustainable forest management. Developing countries should be assisted so as to increase their capacity for these activities;

(b) [Urged [Governments] [countries], with the support of donors and international organizations, to strengthen partnerships, collaboration and sharing of responsibilities between local communities, Governments, non-governmental organizations and other [interested] [major] groups, **including long-term institutional and legal arrangements**;]

OR

(b) [Urged Governments, donors and international organizations to strengthen and further develop partnerships, shared responsibilities and collective action through concerted support of national forest and land-use programmes in accordance with the general considerations as outlined in programme element I.1;]

(c) [Stressed the need for collective action to address the complex issues related to dry-land forest ecosystems and [particularly urged the donor countries to strengthen cooperation with [less developed] [developing] countries] [invited Parties to the Convention to Combat Desertification to give this high priority];]

(d) [Urged donors, international agencies and recipient Governments to engage [in consultations in order to develop] [effectively in developing] efficient and coordinated programmes of international cooperation [to combat desertification] [on forests] [consistent with] [within the context of] the Convention to Combat Desertification and within the broader mandate of the panel, the Forest Principles and Agenda 21;]

OR

(d) [**Urged Governments, donors and international organizations to take the necessary steps, where relevant, to coordinate and harmonize national forest and land-use programmes at the regional level**;]

(d) bis. **Encouraged Governments to express political commitment in addressing dry-land issues, by considering them in NFPs and in other explicit**

national forest policies, as well as by promoting education and training of stakeholders in national resource management of dry lands;

(d) ter. **Invited the Committee on Science and Technology of the Conference of the Parties to the Convention to Combat Desertification to undertake the identification of appropriate tree species for arid, semi-arid and dry sub-humid land restoration and consider the rehabilitation of existing vegetation and the potential for non-wood timber products;**

(d) quater. **Urged the promotion of protected areas where ecosystems still exist in arid and semi-arid regions, including the preservation of their water resources, as well as their historical and traditional uses.**

Impact of airborne pollution on forests

66. The Panel:

(a) [Encouraged [Governments] [countries] to include prevention of damaging air pollution and reduction of [transboundary] [long-range] pollution in national sustainable development strategies;]

OR

(a) [**Encouraged Governments to adopt a preventive approach for reducing transboundary air pollution in the context of national sustainable development strategies**;]

(b) Recommended that **existing regional** programmes monitoring the impact of airborne pollution on forest health in **affected** countries should continue and be extended to other [areas] [regions] as [required] [needed];

(c) Encouraged [Governments] [countries] to cooperate in activities related to the impact of airborne pollutants on forest health, including the dissemination of information to the public and the provision of access to existing data by potential users, including managers and policy makers;

(d) [Encouraged Governments **in other regions** to enter into binding agreements, [as appropriate] on the reduction of **the impact of** airborne pollutants;]

(e) Urged [Governments] [countries] and international agencies to continue specific research [and field data collection] related to the socio-economic and environmental impact of airborne pollutants on forests, including work on ecosystem functions where pollutant depositions threaten sustainability. **In this context, attention should also be given to promoting technical cooperation, including exchange of information and technical assistance in order to help capacity-building on research concerning the impact of airborne pollution on forests;**

(e) bis. **Encouraged further work under existing monitoring systems on how to assess and moritor national level criteria and indicators regarding the impact of airborne pollutants on sustainable forest management.**

E. Programme element I.5: Needs and requirements of countries with low forest cover

Mandate

67. As defined by the Commission on Sustainable Development, the aim of programme element I.5 is to "propose measures to address the needs and requirements of developing countries and other countries with low forest cover in order to promote the activities aimed at conserving the existing coverage, with particular attention to the unique types of forests".[5]

Draft conclusions and proposals for action

1. General conclusions

68. The Panel recognized that there are both developed and developing countries with low forest cover. Low forest cover [is due to] [can arise as a result of] natural ecological conditions as well as to human activities, and the situation is constantly changing. Some countries are actively expanding their forest cover, while others are approaching qualification for entry into the low forest cover category. **The Panel also recognized that due to economic factors and circumstances, the extent of the problem in developing countries is much more severe than in developed countries.**

69. In some countries, economic development has been historically associated with the significant loss of forests, leading to disturbing consequences for [present-day economic systems] in terms of land degradation and social, cultural and economic hardship. The restricted area of forests in countries with low forest cover results in reduced capacity for the production of timber and the provision of goods and services, including the protection of watersheds, the supply of fuelwood, the maintenance of biological diversity, the loss of endemic species and the loss of recreation and amenity. Moreover, many of the forest types in these countries are distinctive or even rare, **and require national as well as international protective measures,** while the proportion included in nationally designated protected areas is often below average.

70. [The Panel stressed that special attention should be given to the needs and requirements of countries with low forest cover, particularly developing countries and countries with economies in transition, in addressing the management, conservation and sustainable development of their forest resources.] [The Panel stressed that in addressing, at both the national and international levels, the management, conservation and sustainable development of forest resources of countries with low forest cover, particularly developing countries, the specific needs and requirements of those countries should be fully taken into account.]

71. The Panel noted that many of the issues arising under this programme element also arose elsewhere on its agenda, notably under programme elements I.1 to I.4 and III.1. It also emphasized that actions under this programme element needed to be [coordinated with] [supportive of] actions, inter alia, under the

Convention on Biological Diversity, the United Nations Framework Convention on Climate Change, and the United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, particularly in Africa.

2. Specific conclusions and proposals for action

[Definition of low forest cover]

72. The Panel recognized the seriousness of problems faced by both developing and developed countries with low forest cover in satisfying their needs for forest goods and services. [The Panel felt that there was a need for a more precise identification of countries categorized as countries with low forest cover. [The existing definitions of forest cover (for example, those used by the FAO Global Forest Resources Assessment) namely, areas with 20 per cent of minimum crown cover, for developed countries, and 10 per cent of minimum crown cover, for developing countries, do not have any scientific foundation, nor do they allow for the comparability of data on a worldwide basis.]]

72 bis. **The Panel felt that there was a need for a more precise identification of countries categorized as countries with low forest cover. The definition of forest used by the Panel following the FAO Global Forest Resources Assessment, is that it includes vegetation with 20 per cent and 10 per cent minimum tree crown cover for developed and developing countries, respectively. This does not have a strong scientific foundation, nor does it allow for the comparability of data on a worldwide basis. Furthermore, there is no consistent way of classifying countries by the extent of forest, however defined, into those with low forest cover and those with high forest cover.**

Proposals for action

73. The Panel called upon FAO, in consultation with relevant organizations and countries, as appropriate, to develop a [scientifically based] definition of low forest cover, applicable to all countries, **which would also be useful in relation to the work on the Forest Resources Assessment, 2000.**

[National forest programmes]

74. The Panel recognized that the needs of low- and [high-] [middle-] income countries with low forest cover are likely to differ **from those of high-income countries** and, consequently, different sets of actions to address these needs will apply. **The Panel stressed that this categorization should not result in the underestimation and undervaluation of the problem.** The Panel noted, however, that national forest programmes (NFPs), [or other national forest plans and strategies], are a good vehicle to **partially** address the needs and requirements of countries with low forest cover.

75. The Panel recognized that the participatory and cross-sectoral nature of NFPs **may** provide low forest cover countries with the possibility of analysing and considering [all available] alternatives to satisfy diverse demands for forest goods and services within and outside the forest sector.

76. [The Panel recognized that additional information may be necessary as a basis for NFPs in countries with low forest cover, but this should not prevent the preparation of interim plans based on information already available.]

Proposals for action

77. The Panel urged [Governments in] countries with low forest cover:

(a) To seek to ensure **long-term** security of forest goods and services through the development of national forest programmes for the sustainable management of all types of forests **in accordance with the guiding principles outlined under programme element I.1**. [These programmes should address production and conservation needs, using cross-sectoral and participatory approaches, involving all interested parties, and taking into account the subsistence and specific cultural needs and traditional rights of indigenous [peoples] [people], forest dwellers and [other] local communities. Efficient coordination mechanisms involving all interested parties should be developed to ensure full participation in, and effective implementation of, NFPs;]

(b) [To define, **as far as possible within the framework of the NFP process** [their national requirements for] a permanent forest estate (PFE), **in those countries that may have a need to define a PFE as a policy goal**, taking **into** account [of the many uses to which it would be put,] [the] current and future needs for forest goods and services, the quantity as well as the quality of existing forest ecosystems, availability of plantable land, systems of land tenure and resource ownership [and the fair and equitable sharing of benefits arising from the utilization of biological resources.] In defining and deciding how best to establish and maintain a PFE, including the need for forest plantations, substitutes and importation, countries should take into account the subsistence and specific cultural needs of indigenous people, local communities and forest dwellers;]

(c) [[When embarking on the enlargement of their forest estate by means] [To consider the benefits] of forest plantations, [to plan and manage these] to enhance production and provision of goods and services, while paying due attention to all relevant social, cultural, economic and environmental considerations in the selection of species, areas and silviculture systems [and using]. **N**[n]ative species **should be preferred where appropriate** [where feasible]. Special care should be taken to avoid replacing natural ecosystems of high ecological and cultural values with forest plantations, [particularly monocultures];]

(c) bis. **To emphasize the natural regeneration of degraded forest areas by involving communities and indigenous people in their protection and management;**

(d) [When considering non-wood substitutes or imports of forest products, to fully analyse and take into account the related social, economic and environmental implications and costs of such measures;]

(e) To [give special attention to the critical need to] establish [or increase] networks of protected areas, **buffer zones** and [biological] [**ecological**] corridors in order to conserve biodiversity, particularly in unique

types of forests. **Close liaison with activities within the framework of the Convention on Biological Diversity should be encouraged**;

(f) [Particularly in developing countries and countries with economies in transition,] to embark on capacity-building programmes based on **the analysis of** institutions at all levels [to ensure efficiency and effective participation in decision-making throughout the planning and implementation processes, and] taking full advantage of the wealth of traditional knowledge available in the country;

(g) To develop adequate research and information systems, including the use of national level criteria and indicators. These activities should be based on reliable evaluations and periodic assessments as well as sectoral and cross-sectoral mechanisms for information exchange, in order to allow for timely decisions related to national forest policies and programmes;

(h) [[In need of development assistance] [Urged Governments and donor organizations] to further develop and test the concept of a forest partnership agreement as a means to secure long-term commitments [between Governments and international institutions.] [at the national and international levels.]

[**International cooperation**]

78. The Panel [noted] [emphasized] the importance of international cooperation to address the sustainable management, **conservation** and development of forests in **low-income** countries with low forest cover, **particularly developing countries**, through financial assistance and the transfer of technology as well as through the establishment of appropriate research and information networks.

79. The Panel [noted [with concern]] [expressed concern] [that [currently decreasing]] [the current] levels of official development assistance [and the [increasing] focus of private investments in countries with abundant forest resources, render] [have rendered] forest ecosystems in developing countries with low forest cover [particularly vulnerable. In those countries] **with low forest cover**, official development assistance [is and] will continue to be [the most] [an] important source of funding, [and national forest programmes should be considered the main vehicle to channel **and secure the effectiveness of** the required financial and technical assistance.]

Proposals for action

80. The Panel:

(a) [Urged **international organizations, in cooperation with national** Governments **and international organizations**, to [develop] [consider] efficient [mechanisms] [ways] for international cooperation [in] [to] support [of] the sustainable [development] [management] of forests in countries with low forest cover, particularly through the exchange of information and transfer of technology, and the sharing of successful experiences in increasing forest cover;]

OR

(a) [Urged Governments **as well as international organizations** to [develop efficient] [improve] mechanisms for international cooperation in support of the sustainable development of forests in countries with low forest cover, particularly through **financial assistance, the transfer of technology and know-how, as well as** the exchange of information [and transfer of technology], and the sharing of successful experiences in increasing forest cover. **The Panel also urged Governments to take into consideration the provisions of the Convention to Combat Desertification;**]

(b) Urged donor countries to [place greater emphasis on [supporting] [support] developing countries **and countries with economies in transition** with low forest cover, **through ODA, provision of new and additional resources and facilitating transfer of technology,** in order to [ensure the conservation,] [promote sustainable] management [and sustainable development] of their forests;

(b) bis. **Urged Governments and donor organizations to further develop and test the concept of a forest partnership agreement as a means to secure long-term commitments at the national and international levels;**

(b) ter. **Urged developed countries with low forest cover and endowed with suitable land and climate conditions to take a firm lead in efforts towards the greening of the world, in accordance with principle 8 (a) of the Forest Principles, and urged developed countries with low forest cover, but with limited land and unsuitable climatic conditions, to assist developing countries through adequate and appropriate transfer of technology and financial resources. Special efforts should be made in this regard towards the provision of new and additional financial resources and technology transfer for the substitution of wood-related products as a source of energy;**

(b) quater. **Urged donor countries as well as multilateral and international organizations, to assist developing countries in their data gathering and analysis activities, aimed at monitoring their forest resources.**

F. Programme element II: International cooperation in financial assistance and technology transfer

Mandate

81. As defined by the Commission on Sustainable Development, the aim of programme element II is to "explore ways of improving the efficiency and coordination of bilateral and multilateral assistance; and consider ways to address the critical areas relating to the transfer and development of environmentally sound technology on favourable terms as mutually agreed and the mobilization of financial resources, including the provision of new and additional resources with a view to assisting developing countries to pursue policies and comprehensive strategies for achieving sustainable forest management, recalling principles 10 and 11 of the Non-legally Binding Authoritative Statement of Principles for a Global Consensus on the Management, Conservation and Sustainable Development of all Types of Forests, and the Rome

Statement on Forestry agreed by Ministers responsible for Forests in March 1995".

Draft conclusions and proposals for action

1. General conclusions

82. The Panel emphasized that the issues of financial [assistance] [resources] and transfer of technology are cross-cutting, interlinked and essential for the achievement of [the management, conservation and sustainable development of **all types of forests**] [sustainable forest management (SFM)], particularly for developing countries and countries with economies in transition. The Panel reiterated that these cross-cutting issues are critical to progress in all other programme elements within its terms of reference. Efforts to mobilize financial resources [from all sources, public and private, domestic and external] [including the provision of new and additional resources] should therefore be intensified.

82 bis. **The Panel recognized that in developing countries domestic resources for the financing, management, conservation and sustainable development of all types of forest are scarce and international financial sources remain vital.**

83. In proposing measures to address these issues, the Panel emphasized the need to take into account principles 7, 8 (c), 9 (a), 10, 11 **and 12 (a) to (c)** of the Forest Principles and relevant chapters of Agenda 21. The Panel [[confirmed] [noted] that [a large] [there is an] [investment] gap between existing resources and those necessary to achieve [sustainable forest management (SFM)] [the management, conservation and sustainable development of all types of forests] still remains for all types of finance and that these gaps will need to be clarified.] [recognized that there is a need for greater financial investments from all sources to achieve SFM, as well as a need to improve the absorptive capacity of recipient countries to use financial resources].

84. **The Panel recognized that disinvestment continues on a huge scale so that forest resources are being lost without being replaced and without an adequate return to the forest sector.** The Panel recognized that there is a need to promote **new and innovative forms of finance** and [combine] [complement] [facilitate] all forms of finance, **at** the public, private, international, domestic and local **levels and to combine them with existing ones, as well as to ensure the predictability and continuity of flow of financial resources.** There is an important potential in innovative financial packages and new types of public-private partnerships. [Recognizing the importance of all these, however, does not in any way diminish the importance of international public finance and existing commitments to it.] **The financing needs of SFM at the global and national levels must mainly be met by the revenue generated by the forest sector itself, be it the public or private sector.** Some countries with valuable forest estates and stronger economies have a much greater potential for generating private sector and domestic [public] investment than others. The catalytic and leveraging roles of international public funding remain essential for developing countries. The Panel also recognized that more effective use of available finance is conducive to attracting additional resources.

84 bis. **The Panel recognized the central role that NFPs play as a policy tool and as a means of promoting, prioritizing and coordinating financial investments, both public and private.**

2. Specific conclusions and proposals for action

Public finance

85. **The provision to the developing countries of effective means, inter alia, financial resources and technology, to achieve the management, conservation and sustainable development of all types of forests should be pursued in compliance with Agenda 21. In this respect, predictable levels of funding to support long-term objectives in the management, conservation and sustainable development of all types of forests, and the provision to developing countries of substantial new and additional financial resources are necessary.**

86. **ODA is a main source of external funding. The Panel recognized that the principal aim of ODA funds is to alleviate poverty and that poverty as a main cause of deforestation.** [The Panel, however, expressed its concern that [ODA levels] [funding levels including ODA] for SFM* [and conservation] are insufficient and declining.] [The Panel expressed its concern that the level of ODA has been insufficient to achieve SFM] [The Panel expressed its concern that SFM is not given sufficient priority in ODA]. It stressed that **efforts towards** fulfilment of [all] financial commitments [of Agenda 21, especially those contained in chapter 33] [contained in chapter 33 of Agenda 21], is important for achieving SFM worldwide and for protecting [strategic] [representative] forest ecosystems. The continuing ***challenge to ensure that ODA is deployed [more efficiently and effectively]*** is independent of trends in international public sector financing. [ODA will continue to play an important role in supporting forest-related activities in developing countries especially for activities for which it is difficult to attract financing from other sources.] **Given the increasing demands on ODA, it is important that ODA funds for the forest sector are used as efficiently as possible.**

87. Efforts in developing countries aimed at raising [additional] financial resources at the domestic level need to be **strengthened and should also be** supported and supplemented from international sources, particularly in the least developed countries **and countries** with low forest cover, **as well as in countries with significant forest areas.** External sources of public funds, particularly **through international financial institutions and** ODA, are therefore [essential] [important] to finance forest activities including capacity-building, as well as to leverage private-sector investment. [Forest-related projects which have global environmental benefits should also be supported through programmes of the Global Environment Facility (GEF) relevant to biodiversity, climate change and

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* While some delegations suggested replacing "SFM" by "the management, conservation and sustainable development of all types of forests" throughout the text, other delegations felt that this issue should be addressed on a case-by-case basis. The inclusion of the appropriate wording is pending resolution of this problem by the Panel.

international waters, as well as other international financing sources.] [The Panel recognized that forest-related projects to be supported through GEF programmes relevant to biodiversity, climate change and international waters, are done under the guidance provided by the conferences of the parties to international instruments on those subjects.]

87 bis. **It is relevant to examine different possibilities to enhance international cooperation in the field of financing the management, conservation and sustainable development of all types of forests. In this respect, the Panel stressed the need for the developing countries to find durable solutions to the debt problems of low- and middle-income developing countries in order to provide them with the needed means for the management, conservation and sustainable development of all types of forests. Other forms of innovative financing should also be explored.**

88. [Economic instruments (EIs)] [Market-based instruments (MBIs)] such as taxes, levies, user fees and domestic public investments could generate additional financial resources to support activities for sustainable forest management and conservation. A whole range of options for [EIs] [MBIs] relevant to specific national conditions warrants further examination. Adequately valuing forest resources [and markets that reward SFM will promote SFM] [will promote the management, conservation and sustainable development of all types of forests] and generate needed public resources.

Proposals for action

89. The Panel:

(a) [Urged donor countries to increase the proportion of their ODA contribution in support of programmes **in both the forest and forest-related sectors** for [conservation,] SFM, and [forest-related industrial development **to increase the share of domestic resources allocated to SFM**] [community-based enterprises] and urged [recipient countries] [to prioritize forests] [to raise the priority of forests] [to give priority to SFM] in programming the ODA available to them;]

OR

(a) [**Urged donor countries to increase the proportion of their ODA contribution supporting programmes for the management, conservation and sustainable development of all types of forests, including afforestation, reforestation especially native species and related research, and the promotion of non-wood forest products, especially in developing countries where private investment has remained insufficient. The Panel also urged recipient countries to prioritize forest activities or national resources development strategies that favoured the management, conservation and sustainable development of all types of forests in programming the ODA available to them;**]

(a) bis. **Requested relevant United Nations organizations to clarify the gap between existing resources and those necessary to achieve the management, conservation and sustainable development of all types of forests, including ODA resources;**

(b) Urged Governments, [through their representatives in governing bodies] [through the appropriate channels], to support, **where appropriate**, increased and improved programmes for SFM [and conservation] in multilateral organizations, [particularly] [including] the multilateral development banks, whose programmes [should] include concessional loans;

(c) Called for greater emphasis on national capacity-building [and] [in] **the development of** comprehensive national programmes **and** in international cooperation programmes;

(c) bis. **Urged donor agencies to finance national initiatives aimed at developing NFPs in developing countries;**

(d) Encouraged countries **in a position to do so** to continue introducing and employing appropriate [economic] [market-based] instruments and incentives from a range of options such as user fees, increased rent capture and levies, as tools to mobilize [domestic] financial resources **in support of SFM**, as well to reduce social costs and negative environmental impacts due to unsustainable forest[ry] **and land management** practices;

(e) Invited [[UNDP and the World Bank to take the lead] [the Bretton Woods institutions], together with other] relevant international organizations, to further explore [**innovative ways to use existing financial mechanisms more effectively and**] [possibilities] to generate additional forest-specific public and private financial resources at [the domestic as well as at] the international level.

Private sector investment

90. The Panel noted that, in general, private capital flows are growing and are increasingly greater than relatively constant public funding, **taking into account their uneven distribution among developing countries**. [This trend is also visible in the case of private investment in forests.] The Panel recognized, therefore, that it is critical for countries to take the necessary measures to introduce appropriate policies and create an enabling environment to attract private sector investment and to ensure that this investment contributes to [SFM [including protection and conservation of forest resources]] [the management, conservation and sustainable development of all types of forests]. In addition, policies that encourage local community investment in [SFM] [the management, conservation and sustainable development of all types of forests] **in particular those relating to long-term land tenure and usufruct rights** could mobilize significant local financing. Measures that encourage private sector activities towards [SFM] [the management, conservation and sustainable development of all types of forests] include [[voluntary] codes of conduct for SFM,] strengthening national regulations and enforcement, full pricing* of renewable resources, and various incentives for better forest management practices. **The potential of voluntary codes of conduct should be explored in this regard.** Policies and regulations should also **be carefully evaluated before implementation to** avoid **negative social and environmental impacts and** market

* United States of America; Group of 77.

distortions. At the sectoral level, market failures create disincentives for investments. Priority in policy design should be given to the correction of these failures, including those outside the forest sector.

Proposals for action

91. The Panel:

(a) [Encouraged **all** countries to formulate policies, regulations and incentives that favour forestry practices that are consistent with [SFM] [the management, conservation and sustainable development of all types of forests],* including strengthening national regulations and enforcement to attract private sector investments.] [Encouraged countries to promote full pricing of renewable resources and to formulate policies and incentives as well as to strengthen and enforce national regulations that favour forestry practices that are consistent with SFM]. [Formulation of [voluntary] codes of conduct [in cooperation with or] by the private sector should be further examined] [In this context, voluntary codes of sustainable forest management to guide investments, concessions and forest management should be developed in cooperation with the private sector and all other major groups, including indigenous people and local communities;]

(b) Invited developing countries [to adjust their policies and regulations] to create a favourable environment to attract domestic and foreign private sector, as well as local community, investments for SFM, and **to attract environmentally sound** forest-based industries, **reforestation and non-wood forest product industries** [as well as] for the conservation and protection of forests;

(c) [[Called upon] [Invited] developed countries to [consider] formulate**[ing]** and create[ing] incentives, including [tax breaks,] loan and investment guarantees, to encourage their private sector to **act consistently with best practices and** invest **in** sustainable management [and utilization] of **all types** of forests in developing countries as well as countries with economies in transition.]

Community sector investment

92. **Community financing is an important element in enhancing the sustained productivity of forest resources. With appropriate policy changes there is a real potential for gaining financial contributions from local communities. Experience suggests that despite their low level of income, many forest-dependent communities can mobilize substantial labour, materials and capital resources for forest development.**

Proposals for action

93. **The Panel encouraged countries to emphasize community financing as a fundamental strategy to respond to the need for sustainable resource**

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* United States of America; Group of 77.

mobilization to enhance forest productivity and to establish supportive policy and programmatic mechanisms and instruments to enable local investments, in cash or kind, in forest development.

Technology transfer

94. The Panel stressed that [technology transfer, **development and exchange**] [transfer of environmentally sound technology], [as a component of public and private investments,] plays an important role in the forest sector and as a part of strategies for enabling countries to [manage, conserve and] sustainably [develop] [manage] their forests through the application of **appropriate** environmentally sound ["hard and soft"] technologies, and should take into account principle 11 of the Forest Principles.

95. The Panel noted that there is an unprecedented accumulation of technological capability in the world today, including for forestry. However, much of it, including those technologies in the public domain, remains largely unrecognized, underutilized and inadequately [shared] [disseminated]. [Nevertheless, technological innovations are critical for the sustainable management [and utilization as well as conservation] of forests in the context of present and future challenges facing forests, and ever-increasing diverse demands placed on forests.]

96. **The Panel noted that a** technology needs assessment, [as one of many tools for assessing technologies, which could facilitate technology transfer, requires] [undertaken in] consultation with all interested parties involved in SFM [such as government, non-governmental organizations, the private sector, scientists, and local communities, and] could be [employed] [a useful tool] to identify appropriate environmentally sound technologies that are required for the sustainable [development], management, [utilization and conservation] of forests.

97. [Owing to similarity in terms of forest types, institutions and culture, there is a considerable potential for South-South cooperation [in conjunction with, and as a complement to North-South cooperation] in technology transfer].] [As technology mainly resides in the North, in particular technologies in the private domain, there is considerable potential for North-South cooperation in technology transfer, under favourable conditions, including on concessional and preferential terms for developing countries.]

98. Strengthening national research and training institutions **at the national and international levels, and improving knowledge sharing and extension mechanisms** [is a] **are** critical [prerequisites] with respect to increasing absorptive capacity for technology transfer and ensuring adequate capability to adapt these technologies to local conditions. Forest-related research should be followed up by appropriate extension activities.

Proposals for action

99. The Panel:

(a) Requested that **developed countries**, the international organizations and multilateral donors facilitate [and catalyse] [public and private] forest-related technology transfer [by public and private means];

(b) [Urged] [Encouraged] countries to assess and explicitly identify technological requirements of their countries in order to achieve **sustainable** management, [conservation and sustainable development] of their forests. The assessment and identification of specific technology needs should be consistent with recognized priorities within national forest programmes, and other national policy frameworks;

(c) Called upon countries to formulate policies and incentives and create an enabling environment that encourage [the private sector] [all concerned] to develop and use environmentally sound technologies;

(d) Called for the promotion of [North-South, South-South as well as trilateral North-South-South] cooperation in forest-related technology transfer through public and private sector [investment,] joint ventures, exchange of information and greater networking among forest-related institutions. **Consideration should be given to related work being conducted in other international forums, notably the Conference of the Parties to the Convention on Biological Diversity**;

(e) [Agreed that priority in technology transfer and capacity-building should be **established and continually reviewed** [given to the following areas] [and could include]: **valuation of forest services**, information dissemination to improve forest and land-use planning and improvement of forest yields; technology and methods that reduce environmental damage due to current forestry practices; conservation and protection; species research, **including biotechnology**, for tree improvement for rehabilitation, reforestation and nursery development, **and native species research**; technology and methods for **enhancing** forest values, including biological diversity; incorporation of indigenous knowledge in forest management, utilization, rehabilitation and regeneration; new and renewable sources of energy, in particular fuelwood and its appropriate substitutes; environmentally sound [logging] [forest harvesting] technologies; **enhancement of technologies regarding wood processing; development of new non-wood and wood forest products; promotion of techniques and design so as to add more aggregate value to forest products**; and development and implementation of national forest strategies;*

OR

(e) [**Agreed that bilateral and multilateral donors should give priority in financing technology development, exchange and transfer to the assessments made by countries of their technological requirements for achieving SFM**;]

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* **The Panel is invited to add new elements to this list.**

Research[*]

(f) [Agreed on the need for a more [comprehensive] [focused] approach in research to support SFM and conservation, and that urgent research priorities include: development of criteria and indicators for SFM, including their testing as well as field level, pilot-scale implementation; integrated site-specific socio-economic and biophysical studies to understand the relationship between human development and forests; periodic assessment of forests; examination of trends of supply of and demand for forest products; forest policy at the national, regional and global levels; environmentally sound technologies of forest-based industries; consideration of the impacts of pervasive external stresses such as climate change, ozone depletion and air pollution on long-term health, productivity and biodiversity of forests; forest assessment and valuation; community participation; forest conservation; **research on the human impact on protected forest areas** and cost-effective processing techniques;]

(g) [Called upon countries, research institutions and agencies to make use of participatory rural appraisal and other participatory techniques to determine research and technology development agendas **for increasing productivity** appropriate to community-level needs;]

(h) [Requested the Centre for International Forestry Research (CIFOR), the International Centre for Research in Agroforestry (ICRAF), the International Union of Forestry Research Organizations (IUFRO), FAO, the United Nations Educational, Scientific and Cultural Organization (UNESCO), ITTO and the International Boreal Forest-Research Association (IBFRA), in consultation with a group of internationally recognized experts, to propose measures to overcome inadequate research capacity in the developing countries and to develop and adapt technologies for SFM. Measures to be considered could include strengthening existing national research institutions and subregional and regional networks; joint research ventures; approaches to enhancing and strengthening the effectiveness of the participation of existing international, regional, subregional and national forest research institutions in an international network dedicated to the conservation, sustainable development, management and utilization of forests and forest policy research; and creation of appropriate mechanisms that enable research findings to reach policy and field levels more effectively for concrete action;]

OR replace subparagraphs (f), (g) and (h) with the following text:

[Agreed on the need for a more comprehensive approach in research to support the management, conservation and sustainable development of all types of forests, including, inter alia, the strengthening of existing national research institutions, subregional and regional networks; joint research ventures; approaches to enhancing and strengthening the participation of existing international, regional, subregional and national forest research institutions

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[*] It was suggested that paragraphs 16 (f) to (i), together with other research-related paragraphs, could constitute a separate section in the final report of the Panel.

in an international network dedicated to the conservation, sustainable development, management and utilization of forests and forest policy research; and creation of appropriate mechanisms that enable research findings to reach policy and field levels more effectively for concrete action;]

(i) [Called for a comprehensive intergovernmental-level examination of issues concerning forest-related technology transfer and research priorities.]

[**Coordination] [Cooperation**]

100. The Panel emphasized that in-country coordination and cooperation among donors are crucial [in view of [limited financial resources] and the need] to optimize [the use of existing] available funds. National forest programmes (NFPs) [provide a good basis **in many countries** for setting priorities on international cooperation including] [should provide the basic framework for national and international cooperation including setting priorities] for financial assistance and technology transfer between recipient countries and donors.

Proposals for action

101. [For national-level coordination **in recipient countries** the Panel] [At the national level the Panel]:

(a) [Invited] [Urged] countries to identify a national authority to be responsible for in-country coordination, **with the option of seeking assistance from external sources**;

(b) [Invited] [Encouraged] countries to establish country-driven NFPs that include priority needs and that serve as a process and [framework for] [overall framework for forest-related policies and actions including] coordination of [financing and] international cooperation;

(c) [Invited countries to select an external agency to [support] [assist Governments with] in-country donor coordination;]

(c) bis. **Invited countries to give priority to SFM in programming the ODA available to them**;

(d) Encouraged decentralized planning and implementation of [development] [SFM] activities [, wherever possible,] at [the district or other] appropriate [local] [sub-national] levels, involving incentives to the private sector, non-governmental organizations and community-based organizations;

(e) Encouraged all concerned national bodies including [finance ministries,] the private sector, national and commercial banks, environmental and forestry funds, grass-roots lending associations, forest industries, forest owners, sectoral authorities at the national and subnational levels and external funding organizations to be involved in the planning, implementation **and monitoring** processes;

(f) [Called for] [Encouraged] the pooling of national resources including funds, technologies and **scientific and** human resources, **where appropriate and applicable** as a means of improving the efficiency **and effectiveness of resources**.

102. [For] [At the] international level [coordination] the Panel:

(a) Called for enhanced coordination, collaboration and complementarity of activities among bilateral and multilateral donors **as well as international instruments related to forests, notably the Convention on Biological Diversity and the United Nations Framework Convention on Climate Change, including through the establishment of a continuing forum for forest policy discussion;**[*]

(a) bis. **Called on Governments, international organizations and donor countries to develop a shared vision of SFM, in order to provide common objectives for coordination;**

(b) Called for the provision of a better flow, to both the policy and operational levels, of [synthesized] information on programme progress, policy development, best practices and lending strategies, including through the establishment of specialized databases;

(c) [[Called for] [Considered that] the development of appropriate indicators for monitoring and evaluating **the adequacy and** the effectiveness of **programmes and projects supported by** international cooperation [in financial assistance and technology transfer] [should be explored] as a priority activity;]

(d) Encouraged [**countries to explore] [exploration of**] the feasibility of **innovative financial packages, such as** [special] [voluntary] [partnerships for forests] [partnerships for SFM], [based on pooled resources] [supporting [comprehensive forest programmes] [national forest programmes]], through further study and national pilot programmes;

(e) [Called for the establishment of mandatory coordination (in-country and at the international level) among intergovernmental organizations within the United Nations system.]

Information systems

103. The Panel emphasized the need to review and improve existing information systems. Attention should be given to **worldwide access** and information systems that encourage **the effective implementation of national forest programmes**, increased private sector investment, efficient development and transfer of appropriate technologies, and improved [coordination] [cooperation]. ***[Internet-based information systems would allow easy access and information-sharing among multilateral agencies, country institutions, non-governmental organizations and other interested parties.]***

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[*] To be considered under category V.

Proposals for action

104. ***The Panel invited relevant multilateral [forest] agencies and international organizations to review and initiate the development of improved information systems that support activities for [sustainable forest management]*** [the management, conservation and sustainable development of all types of forests], [particularly so as] [in particular] to encourage **effective implementation of national forest programmes,** increased private sector investment **and improved cooperation**, efficient development and transfer of appropriate technologies [, and improved coordination] [as well as the provision of new and additional financial resources] **and data sharing among interested parties. In particular the Panel invited FAO to develop a global "depository box" type of information system, available technologies and potential funding sources for SFM, using, inter alia, the databases and experiences of CIFOR, ICRAF, IBFRA and other relevant research institutions.**

G. Programme element III.1 (a): Assessment of the multiple benefits of all types of forests

Mandate

105. As defined by the Commission on Sustainable Development, the aim of programme element III.1 (a) [and (b)] is to review existing periodic assessment of forests, including relevant socio-economic and environmental factors, at the global level; identify shortfalls in present assessments relative to policy considerations; and recommend practical ways of improving such assessments. Examine ways to broaden the scientific knowledge and the statistical database available in order to better understand the ecological, economic, cultural and social functions performed by all types of forests. [Promote the further development of methodologies for properly valuing the multiple benefits derived from forests in the form of goods and services, and subsequently to consider their inclusion within the systems of national accounting, drawing upon work that has been already undertaken by the United Nations and other relevant organizations].

Draft conclusions and proposals for action

1. General conclusions

106. The Panel emphasized that assessment of the actual and potential conditions of all types of forests is an [essential] [important] basis for sustainable forest management, and for a wide range of considerations related to forests [and forest ecosystems] at the local, national, regional and global levels. The importance of national inventories [in] [for effective] national forest programmes was stressed.

107. The Panel noted that there were many [shortfalls and] gaps in existing information **on various forest types**. The database regarding both developed and developing countries is uneven. Much attention is still given to timber and forest cover, whereas other goods and services provided by forests such as

fuelwood, [the sustainable use, conservation and equitable sharing of benefits of] biological diversity, soil and water conservation **protection functions**, carbon sequestration and other social, cultural and economic aspects are rarely covered and will need more attention. The Panel emphasized that **international and** national forest assessments should **take full account of internationally agreed, and** use national [ly accepted] [level], criteria and indicators for sustainable forest management, **where appropriate**. The need to include qualitative as well as quantitative information on forest goods and services was stressed. The Panel agreed on the need to include new parameters as well as the need to develop techniques to accomplish this. However, priority should be given to the provision of **reliable** core data [of high quality].

108. The Panel expressed strong support for the global Forest Resources Assessment (FRA) 2000 and the arrangements being made following the recommendations of the FAO Expert Consultation on Global Forest Resources Assessment, held at Kotka, Finland in June 1996 (Kotka III), [and urged FAO] [The Panel urged FAO, in consultation with countries and interested organizations, to prepare a strategic plan for assessing global forest resources, and] to prepare a detailed **strategic** plan for [its] [the] implementation **of the global FRA 2000**, including detailed cost and funding options **and target dates**. [The Panel noted the importance of ecofloristic zone and vegetation maps as an essential tool for the FRA 2000 process.] [The Panel noted that ecofloristic zone and vegetation maps and qualitative parameters could provide an additional tool for the global FRA 2000 process.] [The Panel noted that ecofloristic zone and vegetation maps are essential tools for the FRA 2000 process, as well as the inclusion of appropriate criteria and indicators from the Helsinki Process, the Montreal Process, the Dry Zone of Africa initiative, the Tarapoto Proposal and ITTO in the FRA 2000 process.]

109. The Panel took note of the recommendation of Kotka III to maintain the current 10-year interval between global forest resources assessments. However, the possibility of [five-year intervals as well as] rolling assessments by region could also be considered, together with the possibility of [continuous updating of data, taking into account the financial implications for FAO and [the] [in particular in] developing countries of meeting the costs of such requirements] [updating data at regular intervals, taking into account the financial and resource implications for FAO and the developing and developed countries of meeting such requirements].

110. Concerning international cooperation, the Panel stressed that the global FRA 2000 [is] [should be] a partnership exercise involving [ECE, the UNEP Global Environmental Monitoring System (GEMS), the Global Resources Information and Data System (GRID), the World Bank, **national institutions, NGOs** and others] [United Nations organizations, national institutions and other interested parties, including relevant major groups]. FAO should be seen as the facilitator of this wider effort involving also national institutions and [NGOs] [interested parties, including relevant major groups]. The Panel also agreed that coordination was needed between forest and other related information systems, and stressed the need for [South-South cooperation in addition to North-South cooperation] [North-South cooperation in addition to South-South cooperation] as well as cooperation at the national level between all interested parties both within and outside the forest sector.

111. Resources available for **the global** FRA 2000 in the regular budget of FAO and at the national level are [so] limited [that this aspect severely hampers the exercise. The Panel stressed the need for and] [urgency of identifying] [urgency of reallocating resources within FAO or if possible identifying] [additional resources]. [Consideration should be given to establishing methods by which users would provide resources for data collection.] [The Panel stressed the need to identify new and additional financial resources for the assessment of the multiple benefits of forests at the national and local levels, both supporting FRA 2000.]

112. The Panel stressed that forest assessments **at the national level** should adopt **an integrated and** holistic **multidisciplinary** approach and be user-oriented and [demand-driven] [market-driven]. **Such assessment programmes should be transparent and accessible to all interested parties.** [There was general agreement on the priority to be given to meeting the needs of forest managers.] [However, further study would be needed to define the levels of precision required and the specific needs of different users, **including forest managers**. The need to utilize fully the data already collected was stressed.] **Forest assessment programmes should fully utilize the data already collected and analyses already carried out by local, national, regional and international institutions. Efforts should be made to harmonize approaches to data collection and analysis in order to enhance comparability.**

113. The Panel further noted that capacity-building at the national and local levels was crucial and should involve all interested parties, including [NGOs,] [relevant major groups,] **forest owners**, local communities, indigenous peoples [and other major groups]. Forest assessments should be multidisciplinary and involve data collection and analysis by local **and** national [and, possibly, regional as well as international] institutions. Enhanced national capacity was considered essential for high quality national inputs to **the global** FRA 2000.

113 bis. **The Panel was informed of the recommendations on priorities for scientific research on biological diversity and forests made at the second meeting of the Subsidiary Body on Scientific, Technical and Technological Advice of the Convention on Biological Diversity. The Panel instructed its secretariat to liaise with the secretariat of the Convention to ensure that any such work carried out under the Convention addresses gaps in existing knowledge identified by the Panel as effectively as possible.**

114. While recognizing the [widespread] [need for increased] application of remote-sensing techniques and geographical information systems for forest assessments, the Panel noted the need for ground surveys for some parameters. The Panel also noted that assessments represented a significant financial **and technical** burden, in particular for developing countries, and that they should [therefore be carried out in the most cost-effective manner] [be assisted by developed countries and international organizations in terms of financial resources and technological transfer]. In some cases reallocation of financial resources may be required to support effective forest assessment programmes.

115. [The Panel recognized that national forest assessment programmes should be transparent and accessible to all interested parties. Efforts should be made to

harmonize approaches to data collection and analysis in order to enhance comparability among countries.]

116. The Panel recognized that inadequate recognition of the contribution of forests to [gross national product] [national economies] had in [some] [many] cases led to **deforestation, forest degradation and** under-investment in forest management.

2. Specific conclusions

117. The Panel recognized the need for intensified use and dissemination of assessment data **in the public domain**, including remote-sensing technology in the public domain, as well as of other data already available. The Panel emphasized that the use of existing FAO data, in combination with other data sets, offers a rich potential to address urgent questions in a cost-effective manner.

118. The Panel also recognized that data interpretation in response to user needs is necessary. Consequently, a study of uses and categories of users of forest resources and related information at the international, **regional, national and local** levels is required. This would be particularly important when discussing new types of information to be included in the global Forest Resources Assessment.

Proposals for action

119. The Panel:

(a) Encouraged [Governments] [countries] **as well as FAO** to integrate national level **criteria and** indicators for sustainable forest management in forest assessment, **where appropriate**. This should be done in a way that is cost-effective and scientifically sound, while recognizing differences in economies and cultures of countries. While some indicators are quantitative, those for some other important goods, services and cultural values are qualitative but should still be included;

(b) Urged [Governments] [countries] [donor countries and multilateral organizations] **and users** to mobilize the necessary funding [in view of the inadequate financial resources currently available] for national level forest assessments;

(c) Urged [Governments and international] [countries, universities and other relevant] organizations **and major groups** to strengthen research on forest inventory and monitoring techniques with a view to expanding the scope **as well as to improving the quality of existing parameters** of forest assessments to respond to the demand for new **and better** information in a cost-effective manner;

(c) bis. **Requested FAO and FRA 2000 to include non-wood forest products in their evaluation;**

(c) ter. **Requested FAO to endeavour to include a broad range of forest values, including non-timber values, in the global FRA 2000;**

(d) Requested FAO, **in consultation with Governments and relevant organizations,** to prepare **and to distribute** a detailed **strategic** plan for implementation of the global Forest **Resources** Assessment 2000, including detailed cost and funding options **associated with potential new parameters, actions, targets and responsibilities for carrying out the assessment, in accordance with the recommendations of the Kotka III meeting and with due regard to the requirements arising from internationally agreed criteria and indicators for SFM;**

(d) bis. **Requested the formulation of an internationally acceptable and agreed set of definitions on key terms in forest resources assessment of all types of forests;**

(e) [Called upon] [Urged] donor countries and multilateral organizations to support capacity-building [in data gathering] **as part of national forest programmes** [to overcome the lack of basic information,] **in forest resources assessments** which should be integrated with strategic planning and decision-making. National institutions for forest assessment should be strengthened as a basic element of action towards sustainable forest management;

(e) bis. **Requested the Secretariat to conduct a study of users and categories of forest resources and related information at the international, regional, national and local levels to better assess the requirements of information;**

(f) [Requested that, in order to enhance coordination efforts at the international level, FAO, in partnership with other international organizations, national institutions and NGOs, ensure better coordination and avoid overlap between forest and other related information systems;] [Requested that, in order to enhance coordination efforts and increase effective use of resources at the international level, FAO, in partnership with other international organizations, the Intersecretariat Working Group on Forest Statistics, national institutions and non-governmental organizations, enhance coordination and avoid overlap between forest and other related information systems, and also update and prioritize data requirements to avoid collection of non-priority information;]

(g) [Urged the establishment of mechanisms for the interpretation and dissemination of information to those countries and interested parties that have difficulties in accessing internationally available information, including dissemination through electronic means of national level information.] [Urged FAO to consult with countries and interested institutions on ways to improve access to and dissemination of information that is relevant to SFM.]

H. Programme element III.1 (b): Methodologies for proper valuation of the multiple benefits of forests

Mandate (III.1 (a) and III.1 (b))

120. As defined by the Commission on Sustainable Development, the aim of programme element III.1 (a) and (b) is to "review existing periodic assessment of forests, including relevant socio-economic and environmental factors, at the

global level; identify shortfalls in present assessments relative to policy considerations; and recommend practical ways of improving such assessments. Examine ways to broaden the scientific knowledge and the statistical database available in order to better understand the ecological, economic, cultural and social functions performed by all types of forests. Promote the further development of methodologies for properly valuing the multiple benefits derived from forests in the form of goods and services, and subsequently to consider their inclusion within the systems of national accounting, drawing upon work that has been already undertaken by the United Nations and other relevant organizations".[10]

Draft conclusions and proposals for action

1. General conclusions

121. The Panel stressed that forests provide a wide range of benefits, some of which are easy to quantify or describe in qualitative terms, while others are more difficult to quantify. The close relationship with forest assessment, programme element III.1 (a), was emphasized. The costs associated [with the disappearance of forests] [deforestation and forest degradation] **and changes in forest quality,** [especially] [for example] with respect to biological diversity, **biological functions, social considerations and environmental impacts**, are not adequately covered by present methodologies [. However, this shortcoming is due as much to] [, in part because of] [uncertainty about] [the inability to assess] the nature and significance of [biophysical] [ecological] [and social] [social, economic, cultural and ecological] impacts resulting from forest loss [as to uncertainty about how to assess the costs of these impacts].

122. The Panel recognized that undervaluation of forest goods and services, as well as of other forest attributes, including non-market benefits, [makes] [contributes to] unsustainable forest management [more probable]. It also recognized the difference between value and price, and noted that market mechanisms were not always **appropriate or** available to give [financial] [monetary] expression to key forest values, **which may lead to the misconception that sustainable forest management is expensive and not cost-effective.**

123. The Panel recognized the importance of the [global] services provided by forests relating to, for example, biological diversity and climate [change] [regulation], and the potential for developing mechanisms to translate these values into [financial support] [monetary terms] to encourage forest [owners] [dwellers, indigenous populations and local communities] to [conserve and] sustainably manage forests. However, it noted that further discussion on these issues should [follow closely the outcome] [take place in the context] of the deliberations [in the Conference of the Parties] of the Convention on Biological Diversity and the United Nations Framework Convention on Climate Change.

124. It was noted that [economists and other social scientists have developed] a variety of methodologies to aid in the valuation of forest benefits that were previously considered intangible and not amenable to measurement [**have been developed**]. While there are many limitations associated with these methodologies, they could help improve decision-making by defining more clearly

the costs and benefits associated with different patterns of forest use, and by indicating the scope for applying various measures to internalize **environmental and social** costs. These methodologies can be used in all types of forests to improve the description of a wide range of social, cultural and environmental benefits, including those associated with hydrological functions, amenity, biological diversity and soil conservation. The results of this valuation [when applied as a neutral tool] are an important potential source of information to all interested parties and for increasing public awareness, particularly about currently non-marketable forest [goods and services] [benefits].

125. The Panel emphasized that the economic value of forests depends on the [biophysical] [ecological] characteristics of particular forest areas and their locational relationships with people and markets. These characteristics vary both spatially and in time and, as a result, forest valuation estimates are usually site- and time-specific. Nevertheless, there is considerable benefit in different countries sharing experiences with the application of particular valuation techniques and different instruments to capture a higher share of benefits for forest owners and forest dwelling people.

126. Although the potential usefulness of forest valuation methodologies was recognized by the Panel, it felt that their complexity and the costs involved may limit their widespread application. The Panel emphasized that innovative and simple [scientific] valuation methods were needed **especially those related to criteria and indicators and national forest programmes**. Expensive valuation exercises should not be performed at the expense of more pressing basic needs, such as the development and application of reliable data systems and the development of strategies and mechanisms to [make] [achieve] sustainable forest management [a politically achievable objective]. [A step-by-step process should be implemented to address the various needs in a progressive manner.]

127. The Panel noted that economic valuation is only one of many considerations for decision-making on forests, and that it cannot become a substitute for the process of political decision, which includes consideration of wide-ranging environmental, socio-economic, ethical, cultural and religious considerations.

128. [While Governments are not able to set prices in a free market situation, they are frequently in a position to influence the distribution of economic rents generated from the sale of particular forest goods or services between the various participants in the chain from production to final consumption. Governments can exert this influence through the setting of royalties, taxation levies and other instruments, particularly when they themselves are the legal owners of a substantial proportion of national forest resources.]

129. The Panel expressed support for national forest resource accounting as a means of [creating awareness of the value of forest goods and services] [providing strategic information for forest policy and management at the national and subnational levels] [, for helping to define the proper collection of economic rent and for seeking fair prices for non-timber forest products, in particular those related to pharmaceutical products.]

130. The Panel noted the need for international cooperation in the development of methodologies for the valuation of forest goods and services. This could

include training for staff as well as decision makers and work on ways and means to **further develop methodologies to** include forest goods and services in national accounts and to promote public awareness. The need to exchange experience, as well as to establish pilot studies and schemes was emphasized.

130 bis. **The Panel noted the input received from the Conference of the Parties to the Convention on Biological Diversity with respect to the need to develop methodologies for valuing forest biodiversity.**

2. [Specific conclusions]

131. New forest valuation methodologies should take into account the following criteria: practical applicability, simplicity and clarity, multidisciplinarity, cost-effectiveness, orientation towards currently non-marketable goods and difficult to quantify services, sensitivity to the values of forest dwellers, indigenous people, **forest owners** and local communities [, neutrality and scientific validity].

132. Further research may need to be undertaken on policy issues related to forest values. In particular, approaches to the use of forest valuation in national resource accounts may be further explored.

133. [A matrix showing the application, geographical scale and data sets required for different forest valuation methods would be useful.] [A matrix showing the application and data sets required for different methods of valuation of forest goods and services, in particular those goods and services that are not traded in the market place, at the local, national, regional and international levels would be useful.]

Proposals for action

134. The Panel:

(a) Encouraged [Governments] [countries] and international agencies to make use of available methodologies to provide improved estimates of the value of all forest goods and services and allow for more informed decision-making about the implications of suggested patterns of investment for **sustainable forest management** [forest conservation and use] [forest conservation and sustainable use, and to take such implications into account in the development of national forest programmes and land-use plans];

(b) [Encouraged Governments to use] [Encouraged Governments to develop appropriate methodologies taking into account], as appropriate to their legal and economic circumstances, mechanisms such as the setting of area fees, royalties and taxation to ensure that an appropriate proportion of the economic rent is available after deduction of the costs of production and an appropriate level of [private sector] profit. [The net economic rent should be used to improve the sustainable management of forests and provide benefits to people living in or near them;] [The net economic rent could be used to improve the sustainable management of forests in a step-by-step process involving training,

capacity-building and industrial reconversion, and to provide benefits to people living in or who are dependent on forests];

(b) bis. **Requested that a matrix be prepared matching the available forest valuation methods and data set required for the evaluation of goods and services, in particular those goods and services that are not traded in the market place, at the local, national, regional and international levels;**

(c) Encouraged [Governments] [countries], international agencies **and relevant institutions** to promote research to further develop forest valuation methodologies **in particular those related to degradation and deforestation and criteria and indicators.** These should fully recognize the ecological, social, cultural and [religious] [spiritual] values of forests [and pay particular attention to global dimensions of climate change and the sustainable use, conservation and equitable sharing of the benefits of biological diversity.] [The methodologies should support] innovative and simple methodologies for collective decision-making on forests that involve various interested parties, such as local communities, indigenous people **and forest owners**;

(c) bis. **Welcomed further input from the Conference of the Parties to the Convention on Biological Diversity, to be considered at the Panel's fourth session, in particular with respect to providing technical advice related to the appropriate valuation of forest biodiversity.**

I. Programme element III.2: Criteria and indicators for sustainable forest management

Mandate

135. As defined by the Commission on Sustainable Development, the aim of programme element III.2 is to "encourage national implementation of criteria and indicators for sustainable forest management and study the feasibility of further developing internationally agreed upon criteria and indicators against which progress towards sustainable management of all types of forests could be measured, taking into account the specific regional and subregional conditions of forests and the diversity of economic, social and cultural environments. Within this context, facilitate the engagement of regions and countries not yet involved in developing criteria and indicators of sustainable forest management; share experiences in testing and implementing them; and examine the need to promote comparability and the appropriateness of convergence among international initiatives in this regard".[11]

Draft conclusions and proposals for action

1. General conclusions

136. The Panel noted the widespread international interest in, and support for, the development **and implementation** of criteria and indicators for sustainable forest management [at the national level.] It emphasized that development and

implementation of criteria and indicators is a dynamic process and that the present momentum of action must be sustained.

137. The Panel recognized that criteria and indicators are [not an end in themselves, but should be considered as] [important and useful] tools [for [achieving sustainable] [assessing trends in forest conditions and] forest management] [to reach progress in sustainable forest management]. [Criteria define the essential elements of sustainable forest management] [against which the present state of forests and their management [can] [could] be assessed] **and** [quantitative and qualitative indicators provide a basis for [measuring] [assessing] progress towards sustainable forest management. Criteria and indicators can play an important role in defining the goals of national forest programmes and evaluating the effectiveness with which they are implemented.]

137 bis. **Criteria and quantitative, qualitative and descriptive indicators for sustainable forest management provide a conceptual framework for policy formulation and a basis for periodic assessment of and reporting on the state of forests and forest management.**

138. The Panel accepted the fact that [because] criteria **and indicators** [specify the essential] **at the forest management unit level reflect** components of sustainable forest management [they collectively provide an implicit definition for the current concept of sustainable forest management itself] [and collectively could contribute to the development of the concept of sustainable forest management itself]. The Panel stressed the need for further efforts to reach [a [global] [broad] consensus] [an internationally acceptable and agreed definition] on key concepts, terms, **definitions and methodologies for data collection used** and definitions used in criteria and indicators for sustainable forest management and the need [to link this terminology to that] [for these terminologies to be compatible with the terminology] used in other related fields, [notably] [such as] inventory, assessment and valuation, **environmental assessments, NFPs, land-use plans and trade-related forest issues**.

139. The Panel noted that a number of countries are participating actively in international [**and regional**] initiatives [at the regional level] aimed at defining and implementing national level criteria and indicators for sustainable forest management. This cooperation has enabled countries to benefit from the experience of others and at the same time to bring new dimensions and ideas into the international processes. The Panel urged continuing efforts to involve those countries and regions that are not yet participating in those initiatives. It placed particular emphasis on the need to involve regions and subregions with distinctive ecological and geographical characteristics and countries with low forest cover.

140. There is need for a broad spectrum of indicators covering social, cultural, economic and ecological aspects, **the institutional framework, including issues of land tenure**, and legal and policy aspects. Aspects of forests and woodlands that are essential to meeting the basic subsistence needs of indigenous people, forest dwellers and other local communities **and forest owners** [need special definition] [require special attention] **in some countries**. The Panel recognized that not all essential attributes of forests can be defined in quantitative terms, but that this does not diminish the importance of qualitative

characterizations. In many [national] [international] regional **and international** initiatives [both] quantitative and qualitative **and descriptive** indicators have already been established.

140 bis. **While recognizing that countries currently cooperating in the regional and international processes are at different stages of development and implementation of national level criteria and indicators, the Panel stressed the need to make further progress through the existing processes, in order to develop a greater consensus on criteria and indicators for sustainable forest management. The Panel also noted that various international and regional processes on the development and implementation of criteria and indicators would benefit from mutual recognition.**

141. [The Panel [was not convinced of] [had divergent views on] the merits of a core set of criteria and indicators for use at the global level, while noting that consistency was needed in the methodology employed in global forest assessments. Nonetheless, the] [The Panel was convinced of the necessity of having a set of criteria and indicators wide enough to be used at the global level, rather than a reduced core set that might prevent the mutual recognition of regional and national initiatives, the exchange of information and the further elaboration of the issues of best forest practices and voluntary codes. The] Panel supported the promotion of ways and means to maximize the exchange of information, experience and technical knowledge at the global level, in particular between the continuing regional **and international** initiatives.

142. The Panel welcomed [the progress] [efforts] made in the clarification of links between the criteria and indicators appropriate at the national level and those applicable to the forest management unit level, but [noted that further analysis was required to make these fully understood] [recognized that these links will vary from country to country].

143. In order to [avoid duplication] [make full use of existing financial mechanisms and facilitating the transfer of technologies and the sharing of experiences], close linkages should be forged with action taken in response to other chapters of Agenda 21 and within the framework of international conventions [thus making full use of existing financial mechanisms and facilitating the transfer of technologies and the sharing of experiences].

2. Specific conclusions

144. The Panel stressed that criteria and indicators should be used at the national [and forest management unit] level, **or equivalent level of forest management where a range of benefits is simultaneously generated** so as to improve the scope of [forest assessment] [assessing sustainable forest management] and the planning and implementation of forest [management plans and] programmes, taking due account of social, economic, cultural, [religious] [spiritual] and environmental values [and so as to achieve sustainable forest management and an appropriate derivation and apportionment of benefits].

145. National level criteria and indicators should be formulated through a transparent process involving all [relevant] [interested] parties, including

forest owners, [native forest dwellers and NGOs] [forest dwellers, indigenous people and local communities, as well as major groups, where applicable]. Criteria and indicators for application at the national level should be [simple,] [practical,] scientifically based **and cost effective** and reflect, inter alia, economic, social, **biological** and ecological circumstances. [Attention should be given to] [As appropriate, countries may wish to further examine] the link between the national level, the subnational level and the forest management unit level.

145 bis. **Criteria and indicators to be used at subnational or management unit levels should be compatible with the criteria and indicators developed for both the national and international levels and all relevant interested parties should be involved in their development.**

146. [The development of criteria and indicators for application at the regional level, in addition to the national level should be considered.] Analysis should continue of the degree of comparability between ongoing **and emerging** initiatives, as well as the degree of compatibility and the appropriateness of convergence among international initiatives.] [Where appropriate, development of criteria and indicators at the national and regional levels should be continued. Efforts should be continued to enhance comparability, compatibility and eventual convergence of ongoing and planned initiatives.]

OR

146. **[The development of criteria and indicators for application at the national and regional levels, in particular for forests in similar ecological zones, in addition to continuing efforts to enhance comparability and compatibility, as well as the analysis of the appropriateness of convergence and harmonization among ongoing initiatives, should be considered. Further work should be performed to develop criteria and indicators for application at the geographical and phytogeographical levels, promoting their mutual recognition, within the framework of the analysis of the appropriateness of convergence.]**

147. While recognizing that **national level** criteria and indicators may [assist] [play an important role] in clarifying issues related to [certification of forest products,] [forest certification and labelling of forest products,] the Panel emphasized that the **development of criteria and indicators is intended for monitoring sustainable forest management and not for imposing certification schemes. Criteria and indicators are not performance standards for certifying management at the forest management unit level and** should not be made a basis for restricting trade. The Panel also emphasized that criteria and indicators for sustainable forest management should not be used as grounds for conditionality in the provision of ODA.

Proposals for action

148. The Panel:

(a) With reference to the Forest Principles, urged Governments to prepare and implement criteria and indicators at the appropriate levels to address:

(i) Trends in the mobilization of financial resources and transfer of technology needed for sustainable development of forests in developing countries;

(ii) The evolution of non-sustainable socio-economic behaviour and consumption patterns with respect to forest goods and services;

(b) Encouraged [Governments [and national forest authorities]] [countries] to make an immediate start on [the development and] [the practical **development and, when appropriate, the**] implementation of criteria and indicators, even though they may still be imperfect and incomplete. **Further scientific and technical examination, including** field testing, of national level criteria and indicators will itself provide valuable experience and assist in further development. Formulation and implementation of criteria and indicators should be **cross-sectoral and** included in national forest programmes, **as appropriate, and in land-use plans or other relevant policy frameworks. Such criteria and indicators should be compatible with the criteria and indicators developed at the international level;**

(c) Encouraged [Governments] [countries] not yet participating in any of the ongoing initiatives on criteria and indicators to become involved as soon as possible. By doing so they will be able to benefit from the experience of the existing processes as well as contributing new insights. **All countries are encouraged to take concerted action, individually or jointly, as appropriate, to further action in this field. Developing countries which have only recently joined such processes, or which are about to join, should, as appropriate, be assisted through action aimed at poverty alleviation; institutional strengthening; human resource development, with special consideration to gender issues and to education and training at all levels; establishment of mechanisms for increased public participation; research and technology transfer; research networking; ensuring access to, and dissemination and exchange of, information; development of plans and programmes; and field-level testing of criteria and indicators for sustainable forest management;**

(d) Requested **regional and** international initiatives and **FAO and other** international organizations to explore the possibilities for developing a consensus on [concepts,] terms and [definitions] [processes] concerned with criteria and indicators [and] [for] [sustainable forest management;] [Requested international initiatives and international organizations to explore the possibilities for reaching internationally agreed definitions, concepts and terms concerned with criteria and indicators and the term "sustainable forest management of all types of forests", as well as indicators for forests in similar ecological zones, and promote their mutual recognition;] **and methodologies for data collection, including definitions of essential terms; units of measurement to be used; methods for data assembly, storage, accessibility and dissemination; and methods for measurement and recording for selected indicators;**

(d) bis. **Encouraged countries, international agencies and research organizations to consider ways to promote research relating to indicators for sustainable forest management in the following priority areas, which are not listed in any particular order: approaches to measuring biological diversity;**

approaches to measuring and valuing the production of non-wood forest products; approaches to measuring non-market benefits; approaches to effectively gathering information relating to soil and water conservation; approaches to measuring fragmentation of forests and its impacts; predicting impacts of human intervention on forests; cross-sectoral factors and impacts; development of indicators at the forest management unit level; methodologies for aggregating data at the forest management unit level to high levels; linkages among indicators at various levels; impacts of different forest management systems on sustainable forest management; and social dimensions of forest management, including land security;

(e) [Urged closer links between ongoing international initiatives, including the ITTO "Objective Year 2000" and the activities of other international institutions **and conventions**;]

(e) bis. **Encouraged the fostering of "mutual" recognition of international and regional criteria and indicators initiatives as tools for assessing trends in forest conditions and management at the national level, including increased liaison between processes, transparency in reporting and closer links with international organizations;**

(f) Urged [donors and international organizations] [donor countries and multilateral and international organizations] to provide technical and financial assistance to **developing** countries **and countries with economies in transition**, whether they are members of existing processes or are newly engaged in those processes, to enable them to reap the full benefits of [participation] [involvement];

(g) Urged [donors and international organizations] [donor countries and multilateral and international organizations] to provide technical and financial assistance to **developing** countries **and countries with economies in transition** in the further development, field testing and implementation of criteria and indicators at the national, [and] [subnational and [field] [forest management unit] levels] [forest management unit level] and to support research through appropriate entities;

(g) bis. **Urged the Conference of the Parties to the Convention on Biological Diversity to take note of existing criteria and indicators frameworks with a view to ensuring that work done under the Convention on Biological Diversity on developing and implementing biodiversity indicators is consistent with and complementary to these frameworks;**

(g) ter. **Urged countries, ongoing processes and international organizations to strengthen the links between the national level and the subnational or management unit levels, including market-related initiatives where appropriate;**

(g) quater. **Considered the use of criteria and indicators in certifying forest management, and urged countries to promote national forest plans and national policies as part of their priorities in developing countries, including education, capacity-building and research; and to alleviate extreme poverty as part of the preliminary stages in initiating the use of criteria and indicators;**

(g) quinquiens. **In order to reflect the global understanding of sustainable forest management and having regard to the commonalities between different regional and international processes, the Panel recommended drawing on these and the Forest Principles to develop global reference criteria which would represent the common denominator of all regional and international sets of criteria;**

(g) sexiens. **Encouraged countries and relevant international organizations to promote the application of regionally and nationally agreed criteria and indicators, and best available forest practices, in connection with voluntary codes;**

(g) septiens. **International and regional processes and initiatives should take the necessary steps towards mutual recognition of and convergence between their individual sets of criteria and indicators for sustainable forest management;**

(g) octiens. **Recommended that criteria and indicators be used by FAO and other relevant organizations to improve consistency on reporting on SFM.**

J. Programme element IV: Trade and environment in relation to forest products and services

Mandate

149. As defined by the Commission on Sustainable Development, the aim of programme element IV is to "examine relevant factors affecting trade in forest products and other forest and trade issues in an integrated and holistic approach that promotes a supportive relationship between trade and environment. In this connection, identify opportunities and recommend measures for improving market access for forest products on a non-discriminatory basis and consider factors that may distort trade in forest products and affect their value, including pricing, import/export controls, subsidies and the need to remove unilateral bans and boycotts inconsistent with the rules of the international trade system. Promote the development of methodologies to advance the full valuation, including replacement and environmental costs, of forest goods and services, with a view to promoting full cost internalization. Taking account of the interests of all sectors and particularities of different countries and ensuring full transparency and participation of all interested parties, examine the issue of voluntary certification and labelling of forest products so as to contribute to a better understanding of the role of voluntary certification with regard to the sustainable management of forests, including the impact of certification on developing countries".[13]

Draft conclusions and proposals for action

1. General conclusions

150. The Panel recognized the wide range and complexity of issues on trade and environment in relation to forest products and services, and the importance of promoting sustainable forest management through mutually supportive trade and environmental policies. **Trade in forest products and services that are renewable and environmentally friendly resources should be promoted as an important means of contributing to sustainable development. However**, it is critical that trade and trade policies for forest products and services not have adverse **management** impacts on [the conservation, use and sustainable development of forests] [sustainable forest management]. A gradual, continuing process of consensus-building on these issues is needed. [This includes exploring the [possible need for an agreement on trade in forest products] and voluntary codes of conduct **to facilitate and improve trade in forest products** in specific areas.] [This includes looking at the potential for voluntary, private sector codes of conduct, which should be further explored.] In view of the complexity of these issues, better coordination for work carried out by relevant international agencies is essential.

151. The Panel emphasized that the issues of trade and environment in relation to forest products and services should be addressed in a holistic manner and take into account chapter 11 of Agenda 21 and the Forest Principles. The Panel therefore considered it critical that the analyses [and measures] [be conducted in accordance with World Trade Organization rules] on these issues cover international as well as domestic trade in wood and non-wood forest products and services from all types of forests. [In special circumstances, trade [restriction] [measures] may be necessary to achieve environmental objectives.] The Panel, however, recognized that there was inadequate information on international trade in non-wood products and forest services, as well as [a lack of organized information on] [insufficient information to allow comparability among] trade in domestic markets. Further studies and data-gathering should therefore be proposed to overcome these gaps in future.

2. Specific conclusions and proposals for action

Market access

152. The Uruguay Round of multilateral trade negotiations has made significant progress in improving market access for forest products, especially in terms of reducing tariffs on all types of forest products. Yet there are still barriers to international trade in forest products, particularly non-tariff barriers, which [will] [could] affect better access of forest products to the international market. [These non-tariff barriers in forest products include: [the use of export restrictions by developing countries to encourage domestic processing; and] quantitative restrictions on [production of "unsustainably produced products"] [imports of certain forest products.]] [Trade-related measures should be consistent with the Forest Principles and with multilaterally agreed trade laws and practices, and should be effective in advancing their stated purpose.]

Proposals for action

153. The Panel:

(a) Urged [Governments] [countries] and relevant international organizations to undertake research on the [effectiveness] [expected and actual effects] of trade [restrictions] [measures] in forest products, in terms of meeting [environmental or social] [objectives] [objectives for sustainability] [objectives as well as the environmental impacts of forest-related trade policies;]

(b) [Requested the World Trade Organization to [further reduce] [continue its efforts to promote the reduction of] tariff and non-tariff barriers to trade in forest products;] [Requested individual members of the World Trade Organization to further reduce tariff and non-tariff barriers to trade in forest products;] [Requested the Trade and Environment Committee of the World Trade Organization to continue its work to ensure that trade and environment are mutually supportive, including in the area of forest products and services;] [Requested Governments, on the basis of this research, to undertake the necessary steps to promote sustainably produced products including a further reduction of tariff and non-tariff barriers to trade in forest products;]

(c) [Urged [Governments] [countries] to avoid new non-tariff barriers to trade in forest products that are not in conformity with the World Trade Organization rules [in order not to over-ride the gains in market access for forest products resulting from the Uruguay Round.] [and taking into consideration the exceptions in the World Trade Organization rules;]] [Urged Governments to avoid conflict between measures that affect trade in forest products and the World Trade Organization rules;]

(c) bis. **Recommended that international organizations, countries and relevant institutions undertake further studies on international trade in non-wood forest products and services as well as on the level and impact of domestic trade to facilitate informed decision-making;**

(c) ter. **Urged that external trade policies not be at the expense of community rights over State forest lands and products;**

(c) quater. **Recommended that the possible need for an agreement on trade in forest products that relates to all types of forests be further explored;**

(c) quinquiens. **Recommended that the possible need for voluntary codes of conduct for forest owners, forest developers and international investors in forestry aimed at improving trade in forest products, be further explored;**

(c) sexiens. **Requested the Secretariat to prepare a study on the effectiveness of internal subsidies to promote forest production and their impact on international trade;**

(c) septiens. **Urged Governments to remove all unilateral bans and boycotts inconsistent with the rules of the international trade system; whenever these actions are undertaken by local governments, countries and national authorities**

should make every effort necessary to remove these bans and boycotts and to ensure that the rules of the international trade system prevail.

Relative competitiveness of forest products

154. [[Wood] [Forest] products obtained from sustainably managed forests [are] [may be considered to be] environmentally friendly [products]]. Competition between different [wood] [forest] products, products from different regions of origin, and wood and non-wood alternatives is [inevitable. Available evidence suggests that such competition, although unlikely to constrain unduly a global initiative to improve sustainable forest management, would have serious implications for the markets for specific forest products in the future.] [inevitable and does not constrain efforts to improve sustainable forest management.] Further economic and market studies should therefore be carried out **to determine how best to use markets and economic instruments to promote sustainable forest management.**

155. For the majority of developing countries, exports of processed products represent a small proportion of total roundwood production. Additional efforts should therefore be geared towards promoting **more environmentally sound** downstream processing industries and exports of processed products, consistent with sustainable forest management, in order to increase their contribution to [economic] [sustainable] development [and to increase export earnings].

Proposals for action

156. The Panel:

(a) Called upon relevant agencies to support efforts to gather more information and conduct more independent market and economic studies of potential competition between different [wood] [forest] products, products from different regions of origin, and wood and non-wood substitutes, analysing the costs and benefits, including any substitution and the overall impact on sustainable management of all types of forests;

(b) Urged developed countries and international organizations, **in the context of sustainable forest management**, to support efforts by developing countries to increase their productivity and efficiency in downstream processing activities [within the constraints of resource sustainability **and wider sustainable development considerations** [in order to increase their export earnings]];

(b) bis. **Urged all relevant agencies to provide support and encouragement to develop mechanisms for promoting community-based processing and marketing of wood and non-timber forest products.**

Lesser-used species

157. Many efforts and initiatives have been carried out by international institutions and producer countries to promote lesser-used species in the international market. However, progress is still very limited. The efforts to

promote sustainably produced lesser-used species from tropical forests should also be [extended to] [expanded in] temperate and boreal species.

Proposals for action

158. The Panel:

(a) Called upon relevant agencies to intensify efforts to promote lesser-used species from all types of forests in the international [market] [market, providing for actions compatible and consistent with sustainable forest management];

(b) Urged producer countries to [ensure that any policy] [implement policies] for exploiting lesser-used species and increasing the volume of timber removed from stands [is] compatible and consistent with sustainable forest management;

(c) Urged international agencies and research institutions to support national **and community-level** efforts to develop technologies, including traditional forest-related knowledge [to increase utilization of lesser-used species].

Certification and labelling

159. [Certification [is one of] [and labelling are among] the many potentially useful tools that can be employed to promote **and respond to** sustainable forest management.] [The Panel recognized that the major goal to be achieved is the sustainable management of forests. Voluntary certification schemes have a role to play with regard to the sustainable management of forests.] [Certification should be seen as a consequence of sustainable forest management.] The distinction between certification (which is **primarily** related to the implementation of sustainable forest management) and labelling (which is **related to products and is primarily** a means for marketing) is recognized. In view of the potential proliferation of schemes, **[**the need to achieve mutual recognition of standards and a common understanding among [international accrediting] [certification and labelling] schemes, is [debated] [important].**]** [There is a debate about the need for mutual recognition.] **[**[Before [attempting] [considering] [international harmonization and] mutual recognition,] it is useful to draw upon experiences with using certification in a wide variety of forest management situations.**]**

159 bis. **Voluntary certification and eco-labelling are not considered to be non-tariff barriers.**

160. **Governments have a critical role to play in relation to certification to promote effective sustainable forest management systems. However**, because certification has [initially evolved] [thus far been developed] as a voluntary private initiative, [it is not clear at this stage what] [different views of the role of government were expressed. It is necessary to clarify what] roles**, if any,** Governments and intergovernmental institutions should play in [either] the development [[or regulation] of new certification systems] [promotion, implementation and mutual recognition of schemes]. [However, in] [In]

considering [potential] [possible] [roles for Governments] [the important roles of Governments in information support and monitoring of certification activities and results], **and considering the fact that certification is a market-driven process**, distinctions should be made between the roles of Governments [as regulators] [promoters of public policy] and, in some countries, [their roles] as forest owners. **The role of Governments should be recognized, however, in ensuring transparency, full participation of interested parties, non-discrimination and open access to certification schemes. Certification should observe sovereignty and be transparent and rational.**

161. International attention to the issues of certification **of forest management** and labelling of forest products should be put into perspective. To date, only a small proportion of the global trade in forest products and a small area of the world's forests are influenced by [forest [products]] [forest management]] certification **and labelling**. Because of inadequate information and relatively few real world experiences, it is still too early to assess [objectively the effectiveness of] [objectively the full potential for] certification and labelling in promoting sustainable forest management. **However, there is a potential relationship between sustainable forest management, trade, and voluntary certification and labelling systems.** More studies and information are required to clarify various issues about certification and labelling, including the impacts of certification on small-scale forest enterprises, **competitiveness of forest products, economic and non-economic** costs and benefits, demand for certified products, [the feasibility of country certification,] the use of criteria and indicators, **market implications, governance and credibility of certification schemes, consistency with international agreements**, and the role of government as a regulator and **in some countries also** as a resource owner.

161 bis. **The Panel did not endorse the concept of country certification, and most delegations emphasized that voluntary certification should apply at the forest management unit level.**

161 ter. **In relation to certification, both performance standards and environmental management systems are complementary and are important components for the assessment of sustainable forest management.**

161 quater. **As eco-labelling and certification and labelling programmes develop, it appears likely that some eco-labelling programmes will use certification as one of the factors in granting an eco-label for particular forest products.**

162. International efforts should focus on ensuring that new and existing certification and labelling schemes [for forest products are not used in a discriminatory way] [are open and avoid discrimination in respect of all types of forests, forest owners, managers and operators, and are not used] [for forest products are not used in an arbitrarily or unjustifiably discriminatory way] as a form of disguised protectionism. Such efforts should also focus **on ensuring the avoidance of conflicts between World Trade Organization rules and the use of voluntary certification and labelling schemes relating to sustainable forest management.**

Proposals for action

163. The Panel:

(a) **[**[Agreed] [Stressed the need] to bring to the attention of **all actors, including** the World Trade Organization, the need to **recognize the potential positive relationship between sustainable forest management, trade and voluntary certification and labelling schemes, to** [ensure] [clarify] that new and existing certification and labelling schemes [for any products] in importing and consumer markets [are not used in a discriminatory way,] [are open and avoid discrimination in respect of all types of forests, forest owners, managers and operators, and are not used] as a form of [disguised protectionism] [disguised protectionism and are consistent with international trade rules;] [disguised protectionism and to avoid conflicts between World Trade Organization rules and voluntary certification and labelling schemes relating to sustainable forest management;]**]** [Agreed on the need to ensure that new and existing certification and labelling schemes for forests and forest products comply with the provisions of the World Trade Organization Agreement on Technical Barriers to Trade;]

(b) [[Called upon relevant agencies [dealing with trade in forest products] to carry out further] [Encouraged] studies on various issues related to certification and labelling for sustainable forest management;]

(b) bis. **Called upon the International Tropical Timber Organization (ITTO), UNCTAD and other organizations dealing with trade in forest products, to bring the current emphasis on certification into perspective and promote international harmonization and mutual recognition of standards among the various certification and labelling schemes, including the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), in an effort to promote trade in forest products and achieve the ultimate objective of sustainable forest management;**

(b) ter. **Agreed on the need, at national and international levels, to ensure greater transparency in certification and labelling schemes by enhancing the participation of exporting countries in the development of national schemes where they exist;**

(c) Highlighted the principal concepts of the Agreement on Technical Barriers to Trade, which may be of relevance to proposals for certification and labelling, and supported the application of the following principles to certification schemes:

(i) **Open access and non-discrimination in respect of all types of forests, forest owners, managers and operators;**

(ii) **Credibility;**

(iii) **Non-deceptiveness;**

(iv) **Cost-effectiveness;**

(v) **A participatory process that seeks to involve all interested parties, including local communities;**

(vi) **An implementable and practical approach that is naturally related to sustainable forest management;**

(vii) **Encouragement of the acceptance of "equivalent" standards and "mutual recognition".**

(c) bis. **Considered that the proliferation of certification schemes with different definitions or requirements could raise questions of credibility, and that in this context, consideration should be given to the outcome of the Centre for International Forestry Research (CIFOR) project, which might provide tools to improve credibility, effectiveness and comparability and thus facilitate mutual recognition of criteria and indicator frameworks;**

(c) ter. **Agreed that the following issues with regard to certification should be addressed further:**

(i) Efficiency in promoting SFM;

(ii) The need to take account of the criteria and indicator frameworks and their development;

(iii) Taking into account the issue of sovereignty, the potential role of Governments in relation to the development, implementation, promotion and mutual recognition of voluntary certification and labelling schemes;

(iv) The special needs of the owners of small forests;

(v) The need to monitor practical experience with certification;

(vi) Accreditation;

(vii) The development of consistent terminology;

(c) quater. **Called upon relevant organizations to make arrangements for a continuous exchange of information and experience on certification and labelling schemes in appropriate forums to ensure transparency.**

Full cost internalization

164. The promotion of full cost internalization [is essential for] [may be useful in expanding] sustainable forest management in the long term. [The transition to sustainable forest management and the implementation of full cost internalization, however, are likely to impose significant costs, at least in the short term, on timber operations and forest industries in boreal, temperate and tropical regions. There is still uncertainty about the long-term economic implications, including costs and benefits and, in particular, the possibility of losses in forestry income and export earnings from particular areas.] [Without full cost internalization, socio-economic and environmental costs may

not be fully reflected in and addressed by the market. This market imperfection may make unsustainable practices seem more attractive as compared to sustainable forest management. Full cost internalization would therefore favour the transition to sustainable forest management and rational resource utilization.] Exchange of information on various research findings and experiences in relation to costs and policy mechanisms are encouraged to [speed up the implementation] [facilitate discussion] of full cost internalization related to sustainable forest management.

Proposals for action

165. The Panel:

(a) Called upon Governments and relevant international organizations to examine mechanisms for full cost internalization of forest products and competing non-forest products and the implications for sustainable forest management;

(b) [Supported efforts by relevant international organizations in forestry and trade to carry out more independent market and economic analyses of the potential [additional [stand-level] [forest management and development costs, as well as] industry-wide costs resulting from a transition to] [and possible mechanisms for full cost internalization as a tool for promoting] sustainable forest management, including related policy reforms; such analyses should also examine the potential [long-term] benefits of improved efficiency and sustainability at all levels of the forest industry;]

(c) **Drawing upon the work being carried out by countries and relevant international organizations,** encouraged [countries to share] [the sharing of] information on research findings and experiences in the implementation of full cost internalization [for] [as it may apply to] sustainable forest management, including relevant policy mechanisms.

Market transparency

166. Greater market transparency has the potential to promote the mutually supportive roles of trade and [sustainable environmental management] [environment] for forest products and services. Improved market transparency would also help to address effectively such issues as illegal trade in forest products in the international market, transfer-pricing and market distortions. Despite some ongoing efforts by relevant organizations, there has been little progress in improving market transparency for trade in forest products. Further efforts to improve market transparency for trade in forest products should be encouraged.

Proposals for action

167. The Panel:

(a) Called upon relevant international organizations to expand their work on market transparency and possibly to develop a global database, drawing upon expertise and information from relevant organizations and national institutions, in order to improve market transparency for trade in forest products;

(a) bis. **Called for an assessment, by an independent body or bodies, of the nature and extent of the illegal trade in forest products, incorporating information from all relevant sources and major groups.**

K. Programme element V.1: International organizations and multilateral institutions and instruments

Mandate

168. As defined by the Commission on Sustainable Development, the aim of programme element V.1 is to "develop a clearer view of the work being carried out by international organizations and multilateral institutions and under existing instruments as appropriate, including the Convention on Biological Diversity, the United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, particularly in Africa, the United Nations Framework Convention on Climate Change, the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and the International Tropical Timber Agreement (ITTA), in forest-related issues, including UNCED decisions related to forests and the institutional linkages emanating therefrom, in order to identify any gaps and areas requiring enhancement, as well as any areas of duplication".[1]

General conclusions

169. [The Panel agreed that programme element V.1 is an essential component of the Panel's mandate since it addresses the way the international community, through international, regional and bilateral agencies and organizations **and existing instruments**, including financial and trade institutions and treaty bodies, will:

(a) Support national **forest programmes and** activities aimed at achieving the goals of sustainable forest management, including the implementation of recommendations and proposals for actions suggested in other sections of the Panel's report;

(b) Further promote and support international policy dialogue, consensus-building and cooperation on **sustainable management of all types of** forests.]

OR

169. **[The Panel agreed that programme element V.1 is an essential component of the Panel's mandate since it should provide a clearer view of the forest-related work of international organizations, multilateral institutions and legal instruments, including their comparative strengths and advantages in this regard.]**

170. The Panel recognized that the [agreements reached] **[documents adopted]** at UNCED have significantly [underlined] **[increased]** the understanding that forest policy and sustainable forest management must be [reconciled] **[addressed]**, **taking into account** the multiple benefits of forests [at the national, regional and global levels] and that these issues need to be addressed through a holistic and integrated approach [rather than in a fragmented manner]. There are numerous important international activities and programmes related to forests, undertaken by international organizations, multilateral **and regional** institutions, and [convention secretariats] **[conventions]** [multilateral **environmental agreements], and groups of countries.**

171. The Panel felt, however, that there is a significant potential for further enhancement of the commitment and capacity of existing international institutional structures to support and promote the goal of conservation, management and sustainable development of all types of forests. This can be achieved through clarifying and [redefining] **[focusing]** the forest-related mandates of various institutions and] through better coordination and collaboration among [them, aimed at ensuring] **[organizations, institutions and instruments, and this would promote]** greater complementarity and coherence of action, including action at the level of their governing bodies. [This, in turn, will **help** minimize overlaps and duplication and provide the [means] **[opportunities]** to bridge the gaps and focus on jointly agreed priorities.] The work of the informal high-level Inter-Agency Task Force on Forests (IFF) established to support the work of the Panel was commended as an example of effective inter-institutional collaboration.

171 bis. **The Panel invited Governments to make contributions to this process, in order to improve the work of forest-related international organizations and institutions and to focus them on the needs and challenges faced by countries in the management, conservation and sustainable development of all types of forests.**

172. The Panel also recognized the need for promoting shared objectives on **forest-related issues** among institutions and for promoting work across institutional borders **in an efficient and coordinated manner**. Efforts should concentrate on making existing activities in international organizations, multilateral institutions and instruments more **transparent**, effective and flexible to accommodate existing and emerging needs. This should also provide for effective participation of and collaboration with [the non-governmental organizations and the private sector] **[all interested parties]** [all major **groups, in particular women]**.

173. The Panel underscored the need for international institutions to support national, [subregional] **[subnational]**, regional and international action towards sustainable forest management, [building a consensus on approaches [and standards] worldwide and improving the conditions for adequate **capacity-building and** financing] **[to build consensus on approaches and better coordinate their international cooperation efforts]** for [sustainable forest management] **[the management, conservation and sustainable development of all types of forests]**. International institutions should also support efforts to strengthen the links between research, policy formulation and implementation, as well as those between national programmes and strategies and the multilateral system.

174. [Several interlinked forest-related areas are in [critical] need of enhancement [and] **[or]** improvement, such as:

(a) **Shared and effective governance by the forest community of international institutions, organizations and instruments dealing with forest issues;**

(a) bis. Strategic data collection and analysis capability at **national**, regional and [global] **[international]** levels;

(b) [[Regional and global] projects **[to strengthen]** [especially related to]] **[increased attention on]** capacity-building and technology transfer **and exchange, and human resource development, in particular at the national and field levels;**

(c) **More** focused and more effective [funding **and coordination** for] research and development **on priorities for SFM**, including pilot projects [operations] [of regional [and global] **[or international]** significance];

(d) Improved mechanisms for [coordination, **including donor coordination,** of] **[focusing and coordinating]** efforts **and monitoring the implementation of activities** by agencies and instruments on international forest-related issues [at [the national and] regional **and global** levels];

(d) bis. **Improved participation of major groups in forest forums and processes to promote SFM.**

Proposals for action

175. [The Panel] **[In order to improve the integration and coordination of efforts by agencies and instruments on forest-related issues, the Panel]:**

(a) **Called upon countries to establish a high-level forum for international debate;**

(a) bis. **Called for clarification of the mandates and tasks of United Nations agencies and a strengthening of inter-agency cooperation to fill gaps in relation to needs and new functions already recognized;**

(a) ter. Called upon governing bodies of relevant international and regional institutions and instruments to accelerate incorporation of UNCED [decisions] **[results]** on forest-related issues in their work programmes, with particular attention to [those that provide] cross-sectoral [solutions] **[aspects]** and to realign their focus on these priorities;

(b) Called upon [international organizations to facilitate **inter-agency and intergovernmental] [countries to promote international]** consultation on [forest planning and sustainable forest management, [including consultations on [national forest [development] **[plans or programmes] [national forest programmes]] [the management, conservation and sustainable development of all types of forests]** to:

(i) [Implement] **[Agree on] [Develop]** the principles, content and process of [NFPs] **[national forestry programmes]**;

(ii) Use country-driven [NFPs] **[forestry programmes]** [as the **main** basis for international cooperation];

(c) Requested FAO, ITTO, UNEP, **UNDP**, UNCTAD, **the World Conservation and Monitoring Centre (WCMC) and other relevant organizations to coordinate and** enhance strategic data sets and analysis systems, [accessible to and disseminated] **[and the timely dissemination of user-friendly data to]** by [a range of] **[all]** interested parties **and other institutions with forest-related activities;**

(d) Invited [[CIFOR, ICRAF, FAO, ITTO, IUFRO, UNESCO, **UNEP**, [the European Forestry Institute (EFI) and IBFRA]] **[relevant international organizations]** to propose measures] **[in conjunction with relevant national, regional, intergovernmental and non-governmental bodies]** to [strengthen] **[better focus] and improve coordination of** forest research and development, **including proposals for the development of a strategic framework for a global forest network**, making full use of existing organizations [and to direct their efforts towards identifying] **improvements to the system of commissioning, providing and implementing research on** priority areas **for SFM**, including those recognized by the Ad Hoc Intergovernmental Panel on Forests. The Panel requested them to identify mechanisms for an enhanced and more effective flow of information and research results [and of strategic analyses of priority areas] to those engaged in policy and implementation;

(e) Invited Governments to [[provide a coherent and stable] **[employ their national]** policy framework in the context of sustainable forest management [and international cooperation] to]:

(i) Encourage **donor countries, multilateral institutions and** multilateral funding agencies to establish **[coherent forest** programmes for sustainable forest management] **[funding programmes for the management, conservation and sustainable development of all types of forests]**;

(ii) Instil confidence in the private sector to invest in sustainable forest management;

(iii) [Assign [forest-**related** programmes] **[SFM]** increased priority in [[bilateral] **[programming available]** ODA] **[ODA within the context of bilateral forest-sector funding policies]];**

(iv) [Encourage efficient **and effective** use of financial resources];

(iv) bis. **Promote, directly and through international organizations that deal with trade, greater market access of forest-related goods and services.**

* * *

Elements for further negotiations under programme element V.1, as outlined above, are preliminary in nature. The Panel felt that further information on and study of the international organizations, multilateral institutions and legal instruments relevant to forests and of their mandates, as well as their progress in and capacity for implementing the forest-related outcomes of UNCED, would be needed in order to achieve a more accurate diagnosis and to formulate proposals for action. A number of delegations felt that final conclusions and proposals for action under this programme element would need to take into account conclusions and proposals for action under programme element V.2, to be considered at the fourth session of the Panel, since many of the issues are closely interrelated.

More specific conclusions and proposals for action will be elaborated during the fourth session of the Panel after, inter alia, consideration of relevant proposals to be prepared by the informal high-level Inter-Agency Task Force on Forests and the results of other relevant initiatives. It was suggested that before the discussion at the fourth session relevant proposals could be reviewed by an independent body, such as the Independent Expert Group of the Swiss-Peruvian Initiative on Forests.

* * *

L. Programme element V.2: Contribution to consensus-building towards the further implementation of the Forest Principles, including appropriate legal arrangements and mechanisms covering all types of forests

Mandate

176. As defined by the Commission on Sustainable Development, the aim of programme element V.2 is "in the light of issues I-V.1 above, based on consensus-building, in a step-by-step process, consider and advise on the need, or otherwise, for other instruments or arrangements in further implementation of the Forest Principles, including appropriate legal arrangements and mechanisms covering all types of forests".[11]

Conclusions

At its third session the Panel, in accordance with its programme of work, had only an initial discussion of programme element V.2, which will be the subject of a substantive discussion during the fourth session. On the basis of the results of the preliminary discussion, the Co-Chairmen of the Panel prepared a text drawing some preliminary conclusions. A number of delegations made specific comments, amendments and additions to that text, which are reflected below. The conclusions relevant to programme element V.2 will be further elaborated during the substantive discussion at the fourth session of the Panel.

Preliminary text as discussed during the session

1. The Panel recognized that there are a large number of international institutions and instruments dealing with specific aspects of or matters closely related to forests. At the same time, the Panel acknowledged that at present no single multilateral body, organization or instrument has either a mandate or the capacity to address, in a balanced, [integrated] **[holistic]** and mutually reinforcing way, all forest-related issues currently on the international agenda on sustainable forest management.

2. The Panel noted that there are already many international legally binding instruments relevant to forests, such as the Convention on Biological Diversity, the Convention to Combat Desertification, CITES, ITTA, the United Nations Framework Convention on Climate Change and the Convention on Wetlands of International Importance Especially as Waterfowl Habitat (the Ramsar Convention). These instruments deal mostly with specific [forest-dependent resources] **[forest-related issues]** in the overall context of sustainable development. [In fact they form almost a perfect net around forests, without dealing primarily, directly, cohesively and comprehensively with forests] **[without dealing comprehensively with sustainable forest management]**. These conventions embody the concept of sustainable development and address many cross-cutting issues that are also relevant to forests, such as **land-use management**, financial resources, technology transfer, trade and traditional forest-related knowledge. Conventions established before UNCED have attempted to redefine their objectives in line with those of UNCED. The Central American Forest Convention is an example of a cooperative approach to regional forest policy-making. **However, there is no instrument dealing in a comprehensive and holistic way with all types of forests. It was also suggested that international instruments dealing with trade in tropical timber should be supplemented by similar instruments for boreal forests. There is also a need to identify and fill in, within existing international legal instruments relevant to forests, gaps that may exist in connection with international cooperation in financial assistance and technology transfer in relation to their forest-related provisions.**

3. **The Panel noted that there is a gap in existing instruments and mechanisms, particularly in dealing with economic aspects of all types of forests. It was felt that future arrangements should address, in an integrated manner, such issues as trade, market access and transparency,**

economic policies that directly or indirectly affect the forest sector, private investment, financial resources and transfer of technology. The Panel agreed that [existing or any future body of] **[any future]** international forest-related legal mechanism[s] must deal cohesively with all the interrelated social, economic, trade, environment, development, production, financial and technology issues and have a concrete impact on the future successful implementation of [sustainable forest management] **[management, conservation and sustainable development of all types of forests]** worldwide.

4. [The Panel felt that it had a unique opportunity to submit substantial recommendations to the Commission on Sustainable Development, which would subsequently make its recommendations to the General Assembly at its special session in 1997.] **[The Panel felt that the special session of the General Assembly would provide a unique opportunity to obtain high-level commitment to and guidance on sustainable forest management and its worldwide implementation. The Panel's report should enable the Commission at its fifth session to send clear messages to the Assembly at its special session.]**

5. **The Panel recognized that the high-level policy dialogue on forests should continue on the basis of the shared and common responsibilities of all countries, taking into account their differentiated possibilities and capacities.**

6. The Panel [called for [continuation and] enhancement of the] **[underlined the need for a]** holistic, cohesive and comprehensive approach to the international forest policy debate and consensus-building [as launched by the Commission through the establishment of the Panel. Such an approach will] **[in order to]** promote and facilitate **a mechanism for** integrated consideration of all forest-related issues and ensure balanced treatment of all types of forests in the future. In broad terms, the objectives of such a [policy debate] **[approach]** should be to:

a) Provide **high-level** policy guidance and promote coherence in the approaches and activities of countries and international institutions aimed at the implementation of the Forest Principles, the forest-related provisions of Agenda 21, [the outcome of the Panel] and other intergovernmental decisions **and initiatives** on forests;

(b) Identify international priorities among forest-related issues including priorities for funding and for forest research and assessment;

(c) Further facilitate international dialogue and consensus-building on forest-related issues and identify emerging issues that require international attention;

(d) Exchange and analyse information and experience on matters related to the sustainable management of [all types of] forests;

(e) Promote dialogue and partnership on forests with major groups and non-governmental organizations.

7. The Panel recognized that among the options for action, **which could also be combined**, were:

(a) Enhancing cooperation between existing international organizations and instruments with responsibilities relating to forests;

(b) Developing the coherent and synergistic application of existing legal instruments relevant to forests so as to enhance efficiency, eliminate duplication and fill gaps;

(c) Adopting new international machinery to maintain a dialogue and coordinate action;

(d) [Negotiating a new international [legal] **[legally binding]** instrument providing for a holistic approach to forest-related issues];

(e) **Considering the establishment of an international programme on the conservation, management and sustainable development of all types of forests.**

8. **The Panel agreed that a step-by-step process was required to continue the high-level policy dialogue on forests and agree on practical goals as well as concrete dates to achieve those goals.**

Proposals for action

This part of the report will be elaborated by the Panel during the fourth session. The Panel will consider proposals to be prepared by the informal high-level Inter-Agency Task Force on Forests on possible inter-agency and secretariat arrangements to support the work of such a forum and the information to be prepared by the Secretariat on the possible organizational modalities of its functioning, including financial implications. The following preliminary proposals were made during the third session of the Panel by individual delegations and groups:

(a) At the intergovernmental level:

(i) To establish a high-level forum for policy coordination and dialogue on all types of forests;

(ii) To continue the Panel;

(iii) To continue the Panel until the year 2000 but with a more focused mandate;

(iv) To establish a mechanism similar to the Panel and with a redefined mandate;

(v) To strengthen the FAO Committee on Forests;

(b) At the inter-agency level:

(i) To continue the informal high-level Inter-Agency Task Force on Forests;

(ii) To transform the Panel secretariat into a more formal arrangement;

(iii) To merge the forest functions of existing institutions, such as FAO, UNEP and UNDP, into a new institution;

(c) Legal mechanisms:

(i) To improve coordination and implementation of existing legal instruments;

(ii) To establish a forum of existing institutions that will keep under review the necessity for a legal mechanism, while dealing with the main forest issues in a holistic and integrated manner;

(iii) To initiate negotiations on a convention on forest principles and forest-related provisions of Agenda 21;

(iv) To initiate negotiations on a convention covering all issues necessary to ensure sustainable management of all types of forests;

(v) To initiate negotiations on a framework convention to provide a holistic approach to sustainable management of forests and facilitate coordination and implementation of existing programmes and instruments as well as foster the negotiation of regional instruments;

(vi) To initiate negotiations on a convention to provide a holistic approach to sustainable management of forests and facilitate coordination and implementation of existing programmes and instruments;

(vii) To initiate consideration of possible elements of such a convention;

(viii) To initiate negotiations on a convention on trade in forest products covering all types of forests;

(ix) To combine options (iii)-(vi) above;

(x) To establish a forum that will keep under review the necessity for a legal mechanism, while dealing with the main forest issues in a holistic and integrated manner;

(xi) To establish a technical group of legal experts to formulate proposals on a legal mechanism in an agreed time-frame and on the basis of a step-by-step approach for the forum suggested above;

(xii) To explore the possibility of voluntary codes of conduct for forest owners and investors.

The Panel felt that a number of the proposed courses of action set out above are interrelated. However, none of the proposals were discussed during the third session and the Panel will consider these and any other proposals during the substantive discussion of programme element V.2 during its fourth session.

II. ADOPTION OF THE REPORT OF THE PANEL ON ITS THIRD SESSION

1. At the 5th meeting, on 20 September 1996, the Panel had before it the draft report on its third session (E/CN.17/IPF/1996/L.3), as well as an informal paper containing a draft introduction to the report and a number of informal papers on all the programme elements.

2. At the same meeting, after statements by the representatives of the United States of America, Japan, Switzerland, Germany, India, Colombia, Italy, Finland and Australia, as well as by the observers for Ireland (on behalf of the European Union), Indonesia, Portugal and Norway and the representative of the Food and Agriculture Organization of the United Nations, the Panel took note of the draft introduction and the informal papers and adopted the report.

III. ORGANIZATIONAL AND OTHER MATTERS

A. Opening and duration of the session

1. The Ad Hoc Intergovernmental Panel on Forests of the Commission on Sustainable Development held its third session from 9 to 20 September 1996, in accordance with Economic and Social Council decision 1996/230. The Panel held five meetings (1st to 5th meetings).

2. The session was opened by one of the Co-Chairmen, Sir Martin Holdgate (United Kingdom of Great Britain and Northern Ireland). The other Co-Chairman, Mr. Manuel Rodríguez (Colombia), also made an opening statement.

3. The Director of the Division for Sustainable Development made an introductory statement.

B. Election of officers

4. At the 2nd meeting, on 13 September 1996, the Panel elected Mr. M. F. Ahmed (India) Vice-Chairman of the Panel for the third and fourth sessions to replace Mr. N. R. Krishnan (India), who had retired.

5. The Bureau of the Panel comprised the following officers:

Co-Chairmen: Sir Martin Holdgate (United Kingdom of Great Britain and Northern Ireland)

Mr. Manuel Rodríguez (Colombia)

Vice-Chairmen: Mr. Juste Boussienguet (Gabon)

Mr. M. F. Ahmed (India)

Mr. Anatoliy I. Pisarenko (Russian Federation)

6. As decided at the second session of the Panel, Mr. Juste Boussienguet (Gabon) also served as Rapporteur at the third session.

C. Agenda and organization of work

7. At its 1st meeting, on 9 September 1996, the Panel adopted its provisional agenda, contained in document E/CN.17/IPF/1996/13, and approved its organization of work. The agenda was as follows:

1. Adoption of the agenda and other organizational matters.

2. Implementation of forest-related decisions of the United Nations Conference on Environment and Development at the national and international levels, including an examination of sectoral and cross-sectoral linkages.

3. International cooperation in financial assistance and technology transfer.

4. Scientific research, forest assessment and development of criteria and indicators for sustainable forest management.

5. Trade and environment in relation to forest products and services.

6. International organizations and multilateral institutions and instruments, including appropriate legal mechanisms.

7. Other matters.

8. Adoption of the report of the Panel on its third session.

8. Also at the 1st meeting, the Panel agreed to establish two in-session working groups, each one to be chaired by one of the two Co-Chairmen.

D. Attendance

9. The session was attended by representatives of 30 States members of the Commission on Sustainable Development. Observers for other States Members of the United Nations and for non-member States, representatives of organizations of the United Nations system and observers for intergovernmental, non-governmental and other organizations also attended. The list of participants is contained in annex I to the present report.

Notes

[1] Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3-14 June 1992, vol. I, Resolutions Adopted by the Conference (United Nations publication, Sales No. E.93.I.8 and corrigendum), resolution 1, annex III.

[2] Ibid., resolution 1, annex II.

[3] Official Records of the Economic and Social Council, 1995, Supplement No. 12 (E/1995/32), chap. I, sect. D, annex I, sect. III.I, para. 1.

[4] Ibid., sect. III.I, para. 2.

[5] Ibid., sect. III.I, para. 3.

[6] Report of the second meeting of the Conference of the Parties to the Convention on Biological Diversity, Jakarta, 6-17 November 1995, annex II, decision II/9 (see A/51/312).

[7] Official Records of the Economic and Social Council, 1995, Supplement No. 12 (E/1995/32), chap. I, sect. D, annex I, sect. III.I, para. 4.

[9] Ibid., sect. III.I, para. 5.

[10] Ibid., sect. III.II.

[11] Ibid., sect. III.III, para. 1.

[12] Ibid., sect. III.III, para. 2.

[13] Ibid., sect. III.IV.

[14] Ibid., sect. III.V, para. 1.

[15] Ibid., sect. III.V, para. 2.

Annex I

ATTENDANCE

Antigua and Barbuda	Aqeelah Akbar
Australia	Geoff Gorrie, Gary Dolman, Roderick Holesgrove, Dianne Meade, Peter Lawrence, Frank McKinnell, Dennis Cullity
Belarus	Mikhail Kuzmyankou
Belgium	J. L. Tordeur, Ch. Laurent, J. Cornet d'Elzius
Brazil	Enio Cordeiro, Antonio Fernando Cruz de Mello, Antonio Ricarte, Antonio Carlos do Prado, Luis Carlos Ros Filho, Paulo Fontes, Emanuel Adilson Souza Serrao, Rubens C. Garlip, Maria Cristina Weyland Vieira
Canada	Jacques Carette, Richard Ballhorn, David Drake, Ralph Roberts, Denyse Rousseau, Rosalie McConnell, Andrew Griffith, Olivier Jalbert, Victoria Berry, Jean Pierre Martel, Martin von Mirbach, Peggy Smith
China	Qu Guilin, Zhang Zhiqin, Zhou Guolin
Colombia	Gustavo Castro Guerrero, Manuel Rodríguez, María Francisca Arias Castaño, Carmen Silva Pinzón, Fernando Casas, Alberto Galán, Rodrigo Artunduaga, Antonio Villa, María Fernanda Acosta Convers
Finland	Birgitta Stenius-Mladenov, Pekka Patosaari, Elias Lähdesmäki, Markku Aho, Leena Karjalainen-Balk, Erja Faerlund, Heikki Granholm, Esko Joutsamo, Timo Heikka, Timo Nyrhinen
France	Bernard Chevalier, Gérard Fauveau, Thierry Jaccaud, Hervé Bredif
Gabon	Juste Boussienguet, André-Jules Madingou, Athanese Boussengue

Germany	Ulrich Hoenisch, Hagen Frost, Peter Fahrenholtz, Peter Franz, Christian Mersmann, Mathias Schwerer-Boehning, Udo Vollmer
India	M. F. Ahmed
Japan	Takao Shibata, Harumitsu Hida, Kenji Kamigawara, Hiroaki Shinohara, Yutaka Tsunetomi, Takeshi Goto, Atsuo Ida, Mitsutoshi Ide, Keiishi Takahata
Malaysia	Narayanan Kanan, Nik Adnan Nik Abdulah, Thang Hooi Chier, Abdul Rahim Nik, Ahmad Jazri, M. Johar, Syed M. Hasrin Tengku Hussin
Mexico	Diana L. Ponce-Nava
Morocco	Omar M'Hirit
Netherlands	H. S. B. M. van Asperen, J. P. Hoogeveen, A. P. M. van der Zon, P. R. Schütz, R. Velders, M. Braeken
Pakistan	Kehkeshan Azhar
Papua New Guinea	Dike Kari, Adam Vai Delaney, Don Bakath
Peru	José Urrutia, Javier Paulinich, Luis Enrique Chávez, Eduardo Pérez del Solar, Micha Torres, Italo Acha
Philippines	Lilia R. Bautista, Bernarditas C. Muller, Monina Estrella G. Callangan
Russian Federation	Anatoliy I. Pisarenko, Valentin V. Strakhov, Eugeny P. Kuzmichov, Valeriy V. Musinsky, Andreay F. Tchmyr
Spain	Ramiro Puig
Switzerland	Philippe Roch, Pierre Muehlemann, Andrea Semadeni, Monika Linn Licher, Norbert Ledergerber, Werner Hunziker, Manuela Jost Ernst, Pascale Morand Francis, Franz Schmithuesen, Andreas Klaey, Jürgen Blaser, Bernardo Zentilli
Thailand	Sa-nguan Kakhong

Ukraine	T. V. Hardashchouk
United Kingdom of Great Britain and Northern Ireland	Sir Martin Holdgate, Andrew Bennett, John Hudson, Anthony Smith, Peter Unwin, Bridget Campbell, Tim Robinson, Willie Sheridan, Michael Dudley
United States of America	Mark Hambley, Stephanie Caswell, Robert McSwain, Kathryn Shippe, Jan McAlpine, Valdis Mazainis, Mary Coulombe, Douglas Kneeland, Michael Hicks, Franklin Moore, Marvin Brown, Julia Jack, Lynne Brenan Van Dyke, William R. McPherson
Venezuela	Samuel Mendoza, Carmen Velásquez de Visbal, Ióle Touron Lugo

Non-member States and entities represented by observers

Argentina, Austria, Chile, Costa Rica, Czech Republic, Ecuador, Guatemala, Haiti, Honduras, Indonesia, Ireland, Israel, Lebanon, Myanmar, New Zealand, Norway, Panama, Peru, Portugal, Republic of Korea, Slovakia, Turkey, European Commission

United Nations

United Nations Environment Programme

Specialized agencies

International Labour Organization, Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization

Intergovernmental organizations

Agence Intergouvernementale de la Francophonie, Centre for International Forestry Research (CIFOR), International Tropical Timber Organization, Organisation for Economic Cooperation and Development

Non-governmental organizations

Category I	International Chamber of Commerce, World Wide Fund for Nature International
Category II	Greenpeace International, International Union for Conservation of Nature and Natural Resources, National Wildlife Federation
Roster or accredited to the Commission on Sustainable Development	Canadian Pulp and Paper Association, Deutsche Naturschutzring, Environmental Investigation Agency, Friends of the Earth, Green Earth Organization, Sierra Club, Survival International, Third World Network, UNED - United Kingdom (UN Environment and Development - United Kingdom Committee)

Annex II

DOCUMENTATION BEFORE THE PANEL AT ITS THIRD SESSION

The Panel had before it the following documents:

(a) Report of the Secretary-General on programme element I.1. Progress in national forest and land-use plans (E/CN.17/IPF/1996/14);

(b) Progress report of the Secretary-General on programme element I.2: Underlying causes of deforestation and forest degradation (E/CN.17/IPF/1996/15);

(c) Report of the Secretary-General on programme element I.3: Traditional forest-related knowledge (E/CN.17/IPF/1996/16);

(d) Report of the Secretary-General on programme element I.4: Fragile ecosystems affected by desertification, and the impact of airborne pollution on forests (E/CN.17/IPF/1996/17);

(e) Report of the Secretary-General on programme element I.5: Needs and requirements of countries with low forest cover (E/CN.17/IPF/1996/18);

(f) Report of the Secretary-General on programme element II: International cooperation in financial assistance and technology transfer (E/CN.17/IPF/1996/19 and E/CN.17/IPF/1996/CRP.1);

(g) Report of the Secretary-General on programme element III.1 (a): Assessment of the multiple benefits of all types of forests (E/CN.17/IPF/1996/20);

(h) Report of the Secretary-General on programme element III.2: Criteria and indicators for sustainable forest management (E/CN.17/IPF/1996/21);

(i) Report of the Secretary-General on programme element IV: Trade and environment relating to forest goods and services (E/CN.17/IPF/1996/22 and E/CN.17/IPF/1996/CRP.2);

(j) Report of the Secretary-General on programme element V.1: International organizations and multilateral institutions and instruments (E/CN.17/IPF/1996/23);

(k) Report of the Secretary-General on programme element V.2: Contribution to consensus-building towards the further implementation of the forest principles (E/CN.17/IPF/1996/24 and E/CN.17/IPF/1996/CRP.3);

(l) Report of the Secretary-General on programme element III.1 (b): Measuring and capturing forest values: issues, policies and challenges (E/CN.17/IPF/1996/25);

(m) Letter dated 15 August 1996 from the Permanent Representative of Peru to the United Nations and the Chargé d'affaires a.i. of the Permanent Observer

Mission of Switzerland to the United Nations addressed to the Secretary-General, transmitting the final report of the Independent Group of Experts established under the Swiss-Peruvian Initiative on Forests (E/CN.17/IPF/1996/26);

(n) Note verbale dated 22 August 1996 from the Permanent Mission of Australia to the United Nations addressed to the Secretary-General, transmitting the report of the International Conference on Certification and Labelling of Products from Sustainably Managed Forests, held in Brisbane, Australia from 26 to 31 May 1996 (E/CN.17/IPF/1996/27);

(o) Letter dated 28 August 1996 from the Permanent Representative of Germany to the United Nations addressed to the Secretary-General, transmitting the report of the International Experts' Working Group Meeting on Trade Labelling of Forest Products and Certification of Sustainable Forest Management, held in Bonn, Germany from 12 to 16 August 1996 (E/CN.17/IPF/1996/28);

(p) Note verbale dated 4 September 1996 from the Permanent Representative of Finland to the United Nations addressed to the Secretary-General, transmitting the summary report of the Intergovernmental Seminar on Criteria and indicators for Sustainable Forest Management, held in Helsinki, Finland from 19 to 22 August 1996 (E/CN.17/IPF/1996/29);

(q) Note verbale dated 14 August 1996 from the Permanent Mission of Norway to the United Nations addressed to the Secretary-General, transmitting a report entitled "Long-term trends and prospects in world supply and demand for wood and implications for sustainable forest management: a synthesis" (E/CN.17/IPF/1996/30);

(r) Letter dated 6 September 1996 from the Permanent Representative of Finland to the United Nations addressed to the Secretary-General, transmitting the statement made by the Ministers Responsible for Forest Matters of the Nordic States of Denmark, Finland, Iceland, Norway and Sweden, in relation to the third session of the Ad Hoc Intergovernmental Panel on Forests of the Commission on Sustainable Development (E/CN.17/IPF/1996/31).